

Manchester City Council Report for Resolution

Report to: Executive - 16 October 2019

Subject: Capital Programme Update

Report of: Deputy 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

1. Under powers delegated to the Executive, to approve the following changes to the City Council's capital programme:
 - a) Neighbourhoods – Hough End Football Changing Facilities. A capital virement of £0.184m is requested from the Park Development Programme, funded by borrowing.
 - b) Highways - Levenshulme Mini Holland Cycling and Walking scheme – Development Costs. A capital budget increase of £0.651m is requested, funded by an External Contribution from the Mayor's Challenge Fund.
 - c) ICT – Replacement of Symology Application for Highways – Feasibility. A capital budget decrease of £0.065m is requested and approval of a corresponding transfer of £0.065m to the revenue budget, funded by ICT Investment Plan.
 2. To note increases to the programme of £0.430m as a result of delegated approvals.
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Wards Affected - Various

Environmental Impact Assessment - the impact of the decisions proposed in this report on achieving the zero-carbon target for the city
All capital projects are reviewed throughout the approval process with regard to the contribution they can make to Manchester being a Zero-Carbon City. Projects will not receive approval to incur costs unless the contribution to this target is appropriate.

Our Manchester Strategy outcomes	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 £0.065m 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 £0.586m in 2019/20 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 13th February 2019 – Capital Strategy and Budget 2019/20 to 2023/24

Report to the Executive 13th March 2019 - Capital Programme Update

Report to the Executive 26th June 2019 - Capital Programme Update

Report to the Executive 24th July 2019 – Capital Programme Update

Report to the Executive 11th September 2019 – Capital Programme Update

1.0 Introduction

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

2.0 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 13th February 2019.
- 2.2 The capital programme evolves throughout the financial year, and as new projects are developed they will be reviewed under the current governance framework and recommendations made regarding whether they should be pursued.
- 2.3 The following requests for a change to the programme have been received since the previous report to the Executive on 11th September 2019.
- 2.4 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.
- 2.5 For the changes requested below, the profile of the increase, decrease or virement is shown in Appendix 1 for each of the projects.

3.0 Proposals Not Requiring Specific Council Approval

- 3.1 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:
- 3.2 Neighbourhoods – Hough End Football Changing Facilities. The project will replace football changing facilities at Hough End Playing Fields to service and meet the existing and future requirements of clubs, leagues and users on site. The football changing facilities were condemned in November 2018 due to structural failings of the water tower in the existing building. The Changing Facilities were built in the early 1970's and have reached the end of its useful lifespan and are in need of replacement. A capital budget allocation and transfer of £0.184m from the Park Development Programme (PDP) budget is requested, funded by borrowing.

- 3.3 Highways - Levenshulme Mini Holland Cycling and Walking scheme – Development Costs. This project is the first phase towards delivering Greater Manchester’s first fully filtered neighbourhood. A filtered Neighbourhood approach aims to reduce traffic in an area, through interventions such as bollards, one way systems, vehicle gates (to allow certain vehicles access). This approach helps to reduce the amount of through traffic in an area, reducing traffic and encouraging local residents to use other forms of sustainable transport, in particular walking and cycling. A capital budget increase of £0.651m is requested, funded by an External Contribution from the Mayor’s Challenge Fund.
- 3.4 ICT – Replacement of Symology Application for Highways – Feasibility. To undertake the feasibility work required to develop the procurement specification, go through the procurement process and help input into the business case to find a suitable supplier for the business application that supports Highways. A capital budget decrease of £0.065m is requested and approval of a corresponding transfer of £0.065m to the revenue budget, funded by ICT Investment Plan.

4.0 Prudential Performance Indicators

- 4.1 If the recommendations in this report are approved the General Fund capital budget will increase by £0.586m, in 2019/20 as detailed in Appendix 1.
- 4.2 This will also result in an increase in the prudential indicator for Capital Expenditure. Monitoring of all prudential indicators is included within the Capital Monitoring Report.
- 4.3 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.
- 4.4 The increases to the programme totalling £0.430m as a result of delegated approvals have been included within the prudential indicators. These are detailed at Appendix 2.

5.0 Contributing to a Zero-Carbon City

- 5.1 All capital projects are reviewed throughout the approval process with regard to the contribution they can make to Manchester being a Zero-Carbon City. Projects will not receive approval to incur costs unless the contribution to this target is appropriate.

6.0 Contributing to the Our Manchester Strategy

(a) A thriving and sustainable city

- 6.1 Contributions to various areas of the economy including investment in ICT services, housing, and leisure facilities.

(b) A highly skilled city

- 6.2 Investment provides opportunities for the construction industry to bid for schemes that could provide employment opportunities at least for the duration of contracts

(c) A progressive and equitable city

- 6.3 Improvements to services delivered to communities and enhanced ICT services.

(d) A liveable and low carbon city

- 6.4 Investment in cultural and leisure services and housing.

(e) A connected city

- 6.5 Through investment in ICT and the City's infrastructure of road networks and other travel routes.

7.0 Key Policies and Considerations

(a) Equal Opportunities

- 7.1 None.

(b) Risk Management

- 7.2 Risk management forms a key part of the governance process for all capital schemes. Risks will be managed on an ongoing and project-by-project basis, with wider programme risks also considered.

(c) Legal Considerations

- 7.3 None.

8.0 Conclusions

- 8.1 The Capital budget of the City Council will increase by £0.586m, if the recommendations in this report are approved.
- 8.3 The capital budget has increased by £0.430m as a result of the delegated approval detailed in Appendix 2.

9.0 Recommendations

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

Appendix 1

Requests for Adjustments to the Capital Budget Provision - October 2019 Executive

Dept	Scheme	Funding	2019/20 £'000	2020/21 £'000	2021/22 £'000	Future £'000	Total £'000
Executive Approval Requests							
ICT	Replacement of Symology Application for Highways - Feasibility	Borrowing reduction, funding switch via Capital Fund	-65				-65
Neighbourhoods	Hough End Football Changing Facilities	Borrowing	184				184
Neighbourhoods	Park Development Programme	Borrowing	-184				-184
Highways	Levenshulme Mini Holland Cycling and Walking scheme – Development Costs	External Contribution	651				651
Total Executive Approval Requests			586	0	0	0	586
Total Budget Adjustment Approvals			586	0	0	0	586

Appendix 2

Approvals under authority delegated to the City Treasurer October 2019 Executive

Dept	Scheme	Funding	2019/20 £'000	2020/21 £'000	2021/22 £'000	Future £'000	Total £'000
Neighbourhoods	Festive Lighting	Spend to Save	148	0	0	0	148
Public Sector Housing	Homes as Energy Systems	Grant	282	0	0	0	282
Total Delegated Approval Requests			430	0	0	0	430