

Manchester City Council Report for Resolution

Report to: Executive - 13 November 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

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

1. ICT – Collaboration Platform Replacement. A capital budget allocation through transfer of £2.100m from the End User Experience budget is requested, funded by borrowing.
2. Neighbourhoods – Cremator and Mercury Abatement Plant Replacement Strategy. A capital budget increase of £1.551m is requested, funded by borrowing.

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

1. Neighbourhoods – Hough End Master Plan – Strategic Football and Multi Sports Hub – Development Costs. A capital budget increase of £0.241m is requested, funded by £0.100m External Contribution and £0.141m Waterfall Fund.
2. Neighbourhoods – Range Stadium Capital Project. A capital budget increase of £0.465m is requested, funded by borrowing on an invest to save basis.
3. ICT – Income Management Solution. A capital budget decrease of £0.114m is requested and approval of a corresponding transfer of £0.114m to the revenue budget, funded by capital fund.
4. Highways Services - A6 Stockport Road. A capital budget allocation through transfer of £0.125m from the Highways Investment Programme is requested, funded by Borrowing.

To note increases to the programme of £0.633m as a result of delegated approvals.

Wards Affected - All

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 £0.114m 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 £2.143m 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 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

Report to the Executive 16th October 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 16th October 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 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 ICT - End User Device Programme and Collaboration Platform. The current contract is up for renewal and the Council is reviewing its collaboration platform arrangements operated through Google. This encompasses email, calendars, drives, documents, spreadsheets and presentations. To date working collaboratively using Google has been successful in improving productivity and work practice. However, there are a number of factors to be taken into account when the Council considers its next steps. For instance, the NHS has committed to using Microsoft and the greater integration with health partners means this is proving to be a barrier to more integrated joint working. In addition the Google functionality has not progressed sufficiently to handle some of the more complex document requirements, and these remain on Microsoft; and some workflow processes remain on Lotus Notes. As a result the council is operating a multi-hybrid estate which is inefficient both in licence

and support costs; as well as frustrating for staff who have to switch between systems. The collaboration platform decision is due to be made this month. In addition as part of the End User Device Strategy, the decision to progress with replacing the old Wyse terminals and other devices has been deferred until the collaboration platform decision has been made. Irrespective of the decision to change collaboration platform there will be significant licence, support and business change costs as the current agreement is coming to an end, with an estimate that this could be up to £2.1m. It is therefore recommended that the costs that could be incurred during 2019/20 are met from the End User Device Strategy funding and that a revised capital budget and Checkpoint 4 are developed for the collaboration platform and end user device work which will come back as part of the capital budget process and will require sign off by the Executive Member for Finance and the Deputy Chief Executive before any expenditure is committed.

- 3.3 Neighbourhoods - Cremator and Mercury Abatement Plant Replacement Strategy. Blackley Crematorium currently operates three cremators which are now over 20 years old and reaching the end of their lifespan. In order to meet new environmental requirements, minimise service disruption maintenance costs, ensure a high standard of service and deliver financial contribution targets the cremators need to be replaced. The new cremators will improve efficiency and energy use and increase mercury filtration. There is also the potential to include NOx (nitrogen oxides) abatement in the new equipment, these oxides are the most relevant for air pollution. A capital budget increase of £1.007m is requested in 2019/20 and £0.544m in 2020/21, funded by borrowing.

4.0 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 Neighbourhoods – Hough End Master Plan – Strategic Football and Multi Sports Hub – Development Costs. The scheme will deliver the business case proposal for a strategic football hub and wider outdoor sports provision up to RIBA stage 4. This will be a safe steps approach to progress the project through design phases, to inform feasibility and final cost plan to deliver the scheme. A capital budget increase of £0.052m is requested in 2019/20, and £0.189m in 2020/21 funded by External Contribution (£0.100m) and Waterfall Fund (£0.141m).
- 4.3 Neighbourhoods – Range Stadium Capital Project. The Range Stadium is situated at Whalley Range High School. The project will deliver refurbishment of football pitches that have had to close due to health and safety concerns. Providing high quality football facilities will rejuvenate the site and create a

sustainable community facility for the benefit of our Manchester residents. A capital budget increase of £0.465m is requested in 2019/20, funded by borrowing on an invest to save basis.

- 4.4 ICT – Income Management Solution. Following approval to procure and implement a new corporate Income Management solution discussions with Civica were required to understand the implementation approach and on-going support. To that end, the ICT and business resources have been realigned and additional funding is required to support implementation. A capital budget decrease of £0.114m is requested and approval of a corresponding transfer of £0.114m to the revenue budget, funded by capital fund.
- 4.5 Highways Services - A6 Stockport Road. Additional funding is required following the tender process. The project will deliver widening on congested route, providing additional lane width and a cycle bus stop by-pass. A capital budget allocation through transfer of £0.125m from the Highways Investment Programme is requested, funded by Borrowing.

5.0 Prudential Performance Indicators

- 5.1 If the recommendations in this report are approved the General Fund capital budget will increase by £2.143m, 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 Capital 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.
- 5.4 The increases to the programme totalling £0.633m as a result of delegated approvals have been included within the prudential indicators. These are detailed at Appendix 2.

6.0 Contributing to a Zero-Carbon City

- 6.1 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.

7.0 Contributing to the Our Manchester Strategy

(a) A thriving and sustainable city

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

(b) A highly skilled city

- 7.2 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

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

(d) A liveable and low carbon city

- 7.4 Investment in cultural and leisure services and housing.

(e) A connected city

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

8.0 Key Policies and Considerations

(a) Equal Opportunities

- 8.1 None.

(b) Risk Management

- 8.2 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

- 8.3 None.

9.0 Conclusions

- 9.1 The Capital budget of the City Council will increase by £2.143m, if the recommendations in this report are approved.
- 9.3 The capital budget has increased by £0.633m as a result of the delegated approval detailed in Appendix 2.

10.0 Recommendations

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

Appendix 1

Requests for Adjustments to the Capital Budget Provision November 2019 Executive							
Dept	Scheme	Funding	2019/20	2020/21	2021/22	Future	Total
			£'000	£'000	£'000	£'000	£'000
Council Approval Requests							
ICT	Collaboration Platform Replacement	Borrowing	455	1,645			2,100
ICT	End User Experience	Borrowing	-455	-1,645			-2,100
Neighbourhoods	Cremator and Mercury Abatement Plant Replacement Strategy	Borrowing	1,007	544			1,551
Total Council Approval Requests			1,007	544	0	0	1,551
Executive Approval Requests							
Neighbourhoods	Hough End Master Plan	External Contribution	52	48			100
Neighbourhoods	Hough End Master Plan	Waterfall Fund	0	141			141
Neighbourhoods	Range Stadium	Invest to Save Borrowing	465				465
ICT	Income Management Solution	Borrowing reduction, funding switch via Capital Fund	-114				-114
Highways Services	A6 Stockport Road Pinch Point Scheme	Borrowing	125				125

Highways Services	Highways Investment Programme	Borrowing	-125				-125
Total Executive Approval Requests			403	189	0	0	592
Total Budget Adjustment Approvals			1,410	733	0	0	2,143

Appendix 2

Approvals under authority delegated to the City Treasurer November 2019 EXECUTIVE							
Dept	Scheme	Funding	2019/20	2020/21	2021/22	Future	Total
			£'000	£'000	£'000	£'000	£'000
Strategic Development	Peterloo Memorial	External Contribution from Arts Fund	200				200
Highways Services	CCTV Improvements	RCCO	433				433
Total Delegated Approval Requests			633	0	0	0	633