

**Manchester City Council
Report for Resolution**

Report to: Executive – 13 November 2019

Subject: Capital Programme Monitoring 2019/20 - Period 6

Report of: The Deputy Chief Executive and City Treasurer

Summary

This report informs members of:

- (a) Progress against the delivery of the 2019/20 capital programme to the end of September 2019.
- (b) The revised capital budget 2019/20 taking account of changes between the approved capital budget and any further changes occurring in year.
- (c) The latest forecast of expenditure and the major variances since the Capital Programme Outturn report submitted in June 2019.
- (d) The impact any variations may have on the Capital Programme for the period 2019/20 to 2024/25.

Recommendations

- 1. To recommend that Council approve the virements over £0.5m between capital schemes to maximise use of funding resources available to the City Council set out in Appendix A.
 - 2. Approve virements under £0.5m within the capital programme as outlined in Appendix A.
 - 3. Note that approvals of movements and transfers to the Manchester City Council capital programme, will reflect a revised total budget of £290.4m and a latest full year forecast of £292.7m. Expenditure to the end of September 2019 is £78.0m.
 - 4. Note that approvals of movements and transfers to Capital Programme on behalf of Greater Manchester, will reflect a revised total budget of £151.2m and a latest full year forecast of £151.2m. Expenditure to the end of September 2019 is £28.1m.
 - 5. Note the prudential indicators in Appendix C.
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Wards Affected: All

Environmental Impact Assessment - the impact of the decisions proposed in this report on achieving the zero-carbon target for the city

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	The capital programme contributes to various areas of the economy including investment in public and private sector housing, education and children's social care, transport infrastructure, major regeneration activities, environmental, cultural and leisure services.
A highly skilled city: world class and home grown talent sustaining the city's economic success	The capital programme includes substantial investment in education and also 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	The capital programme includes investment in adult and children's social care, education, housing and the environment, cultural and leisure services, all of which contribute towards the strategy.
A liveable and low carbon city: a destination of choice to live, visit, work	Investment in all areas of the capital programme contributes towards this community strategy, notably the investment in sustainable and affordable housing, building schools for the future, transport, environmental and major regeneration programmes.
A connected city: world class infrastructure and connectivity to drive growth	The capital programme includes investment in highways infrastructure, and broadband expansion.

Full details are in the body of the report, along with any implications for:

- Equal Opportunities Policy
- Risk Management
- Legal Considerations

Financial Consequences – Revenue

All Revenue consequences are included in the current Revenue Budget.

Financial Consequences – Capital

The latest forecast of expenditure for 2019/20 for the Manchester City Council capital programme is £292.7m, compared to a proposed revised budget of £290.4m. Spend to date is £78.0m. The latest forecast for the capital programme on behalf of Greater Manchester is £151.2m, compared to a proposed revised budget of £151.2m. Spend to date is £28.1m.

The programme is subject to continual review to establish whether the forecast remains achievable. Whilst the intention is for the City Council to progress the programme as stated, some projects and their sources of funding may require re-profiling into future years.

The Greater Manchester programme is hosted by the City Council, but is managed by the Greater Manchester Combined Authority (GMCA) which also monitors the projects. Following the granting of the relevant borrowing powers to the CA, the debt associated with the programme novated last financial year, and during this financial year a number of the loans provided to third parties have transferred across.

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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 – Capital Programme Update
- Report to the Executive 26th June 2019 - Capital Programme Outturn 2018/19
- Report to the Executive 26th June 2019 - Capital Programme - Capital Programme Update
- Report to the Executive 24th July 2019 – Capital Programme – Capital Programme Update
- Report to the Executive 11th September – Capital Programme – Capital Programme Update
- Report to the Executive 16th October - Capital Programme - Capital Programme Update

1 Introduction

1.1 The purpose of the report is to:

- Provide an update to members on the progress of the capital programme in the six months to the end of September 2019.
- Inform members of the latest estimates of capital expenditure for 2019/20 and to show forward commitments into the 2020/21 to 2024/25 capital programme.
- Confirm that there are adequate levels of resources available to finance the capital programme.

1.2 This report will provide information on the activities undertaken in delivering the programme and the risks associated with the works, as well as the financial monitoring and changes required.

1.3 A summary of each part of the programme is included within the report, providing details on the major projects and risks for that area. This is presented alongside a summary of the financial position, and any changes to the budget that are required.

1.4 Appendix A details the virements requested across the programme since Executive approved the revised capital budget in June 2019. Appendix B details the revised capital budget for each project, taking into account the virements requested, and any re-profiling between years which has been identified. Appendix C notes the prudential indicators.

2 Contributing to a Zero-Carbon City

2.1 To reflect the climate change emergency that the Council has declared, the capital expenditure business case template has been updated to include a carbon measure for both during the project progression stage and the ongoing lifecycle post completion. The intention is that the carbon footprint of a scheme is considered as part of the decision making process. This work is ongoing and will reflect the decisions taken by the Council on how it will meet the future carbon reduction targets in order to become carbon neutral by 2038.

3 Capital Budget

3.1 The Capital Budget for the period 2019/20 to 2024/25 is currently £1,331.8m. This is a decrease of £0.7m compared to the budget approved at outturn by the Executive in June 2019, which in the main relates to transfers to revenue within the ICT programme.

3.2 The profile before changes proposed in this report, is shown below:

Capital Programme 2019-2025	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	Total Programme
	£m	£m	£m	£m	£m	£m	£m
Capital Budget (June 19)	509.3	434.1	244.7	96.1	48.2	0.0	1,332.5
Capital Programme Update (Approved June 19)	3.2	-3.2	0.0	0.0	0.0	0.0	0.0
Capital Programme Update (Approved July 19)	0.4	-2.3	-0.9	0.0	0.0	0.0	-2.7
Capital Programme Update (Approved September 19)	0.7	0.3	0.4	0.0	0.0	0.0	1.4
Capital Programme Update (Approved October 19)	0.7	-0.1	0.0	0.0	0.0	0.0	0.6
Revised Capital Budget	514.3	428.8	244.3	96.1	48.2	0.0	1,331.8
<i>Of which:</i>							
Manchester City Council Programme	363.1	390.9	244.3	96.1	48.2	0.0	1,142.7
Programme on behalf of Greater Manchester	151.2	37.9	0.0	0.0	0.0	0.0	189.1

4 Projects carried out on behalf of Greater Manchester

- 4.1 The Housing Investment Fund, which was administered by the City Council on behalf of the Greater Manchester Combined Authority and forms the “Programme on behalf of Greater Manchester” budget, is in the process of being novated across to the Authority following changes to the borrowing powers the Authority holds. Whilst the current programme is forecasting spend of £151.2m against a budget of £151.2m, a variance of nil, this is likely to be significantly lower.
- 4.2 In practice the debt associated with the programme novated last financial year, and during this financial year a number of the loans provided to third parties have transferred across. The Council will be left with a handful of loans which are due to be fully repaid during this financial year.
- 4.3 The rest of this report will focus on the Council’s Capital Programme.

5 Capital Programme Forecast 2019/20

- 5.1 The latest forecast of expenditure for the Manchester City Council Capital Programme in 2019/20 is £292.7m compared to the current revised budget of £363.1m. The variations, by service area, are shown in the table below.

- 5.2 The tables in this report now show the budget approved by the Executive in February 2019 as part of the budget process, alongside the current revised budget and the latest forecast. The intention is that, by including this information, there is clear transparency in how budgets have changed.

Capital Programme 2019/20 budget, forecast and spend to date at 30th September 2019

Manchester City Council Programme	Budget set in Feb 19 £m	Revised Budget £m	Forecast £m	Variance £m	Spend to Date £m	Spend to Date as % of Forecast
Highways	56.3	58.7	63.5	4.8	22.3	35.1%
Neighbourhoods	25.6	14.0	13.3	-0.7	2.5	18.8%
Growth and Development	127.1	127.9	114.1	-13.8	30.6	26.8%
Town Hall Refurbishment	24.4	26.9	21.9	-5.0	4.7	21.5%
Housing - GF	24.7	28.8	17.5	-11.3	4.5	25.7%
Housing - HRA	30.0	31.7	25.4	-6.3	3.7	14.6%
Children's Services	39.0	42.7	13.4	-29.3	4.1	30.8%
ICT	11.3	8.0	6.6	-1.4	2.9	43.9%
Corporate Services	20.7	24.4	17.1	-7.3	2.7	15.9%
Manchester City Council Programme	359.1	363.1	292.7	-70.4	78.0	26.7%
Programme on behalf of Greater Manchester	146.5	151.2	151.2	0.0	28.1	18.6%
TOTAL	505.6	514.3	443.9	-70.4	106.1	23.9%
				Reprofiling	-69.7	
				Cost Variations	-3.0	
				Net over (under) spend	2.3	

- 5.3 Since the February 2019 budget report there have been additional projects added to the capital programme, and at outturn for 2018/19 financial year the budgets were revised to reflect the outturn position and the expected future profile of spend. This will explain the majority of the differences between the two budgets for 2019/20 shown. The explanations for the variances reported at outturn can be found in the previous monitoring report.

- 5.4 The programme also contains some budgets which are yet to be allocated to specific projects but are reserved for a specific purpose, such as Education Basic Need funding for additional school places, the Highways Investment Fund and the ICT Fund. This is predominantly because the future projects are not yet at the stage where procurement can take place, or are dependent on other projects completing. The current forecast profile of spend is based upon service's view as to the expected timescales for project initiation, completion and cost, and once projects are approved through the Council's capital

approval process the budgets will be allocated and the Capital Budget updated accordingly.

- 5.5 This creates some uncertainty in the programme, but ensures that the programme reflects the likely use of resources and enables agile approval processes for relevant projects as they are developed. These budgets are carefully monitored throughout the financial year and, if the expected programme of works changes, the impact on the forecast will be reported at the earliest opportunity.

6 Summary of Main Changes to the Revised Budget

- 6.1 The main changes to the programme since the revised budget reported to Executive in June are as follows:

- Within the Education Basic Need Programme £20.2m of the unallocated budget has been moved in to next financial year whilst a review is undertaken of the number of school places required in the context of both the Council's Basic Need Programme and the Government's Free School Programme.
- The Factory budget has been re-profiled in line with the construction programme and revised fees. As a result £10.0m has been moved in to future years.
- Due to changes in design following discoveries in the ground, £7.1m of the Integrated Working – Gorton Health hub budget will be re-profiled in to next financial year.
- Following the contract reports being signed, the Education Basic Need Special Educational Needs (SEN) Programme schedule of works across four schools has now been re-profiled, meaning there is a requirement to move £6.5m in to 2020/21.
- The planned programme and timescales for the Marginal Viability Fund - New Victoria scheme have been adjusted following the revised business case and grant agreement, meaning that £6.0m budget will be moved in to future years.
- The Our Town Hall Project budget has now been re-profiled based on the revised programme and following the appointment of the Mechanical Electrical and Plumbing (MEP) stage 1 contractor. £5.0m will be moved in to future years.

- 6.2 Other smaller changes to the programme since the revised budget include:

- The total budget of £2.4m for Extra Care will be moved to next financial year as the Council reviews the approach to Extra Care capital schemes, seeking the optimum balance between Manchester City Council led schemes and those led by Registered Providers supported by the Council.
- Acceleration of £2.0m for the Carriageway Preventative scheme due to progress against the programme being better than anticipated.
- The Hammerstone Road project is currently paused pending a review of individual project element costs. The main contract works and the post-

contract fees are now scheduled to begin in 2020/21. Therefore, £1.8m has been moved into next financial year.

- Movement of £1.4m budget in to next year for the Medieval Quarter Public Realm scheme as the project is currently postponed until the Arena Memorial works are incorporated into the wider scheme.

6.3 The above variances and other smaller variances are explained in greater detail by service area below. The position will be closely monitored with the final outturn position being highly dependent on schemes commencing and continuing on schedule and delivering to plan.

Programme Risks

6.4 The Capital Budget is prepared on the best estimate of the spend profile for each scheme across its life. As schemes develop the profile of spend may change, depending on circumstances. The format of this report is intended to highlight the total life and cost of schemes, and the risks associated with their development.

6.5 All projects carry risk such as delivery risk, third party risk and market risk, including build cost inflation risk which is discussed below. Whilst the updated forecasts reflect officers expectations based on existing and planned works, these may change as projects develop and in response to wider market changes.

6.6 General inflation in the North West (NW) construction market has not reduced as predicted over the 2018/19 period and Manchester Market has become more pronounced due to the large volume of construction work that has taken place (and continues to take place) over the past 3–4 years. Forecasting inflation indices for the general North West region over the coming years are predicted by leading cost consultancy companies to maintain a fairly flat and low trend. The predicted indices are showing an increase of 1.5% per annum for the next 3 years. Building Construction Information Service (BCIS), part of the Royal Institute of Chartered Surveyors (RICS) are indicating a slightly higher increase for the UK average, although this does factor in London.

6.7 There is a view that whilst in the general NW region activity will cool off slightly over the next few years, the level of activity in the centre of Manchester will continue for some time yet. There is a 'wave' of city centre commercial projects all set to move forward over the next few years which, it is anticipated, will take up any reduction in activity in the residential construction sector. In terms of Central Manchester therefore over the coming few years construction output still see prices being high, inflation at above average levels (up to 4-5% per annum) and not much evidence of downturn in demand or workload.

6.8 Specific risks have been identified across the capital programme and are detailed in the relevant section below. Whilst efforts have and will be made to mitigate these risks, they cannot be removed and therefore the future forecast may change. Directorate teams are required to monitor and report risk as part

of their regular capital monitoring processes. This information will continue to form part of the monitoring reports to members throughout the financial year.

7 Highway Services Programme

7.1 The schemes within the current Highways portfolio include the highways improvement investment fund, projects to improve and increase the use of cycle routes which relieve congestion and reduce air pollution from CO₂ emissions, improvements to pedestrian access in areas in the City, improvements to safety measures and schemes to reduce energy consumption for street lighting.

7.2 The main variances from the original budget set in February 2019 and before the proposals noted in this report are as follows:

- During the final quarter of 2018/19, various projects within the Highways Planned Maintenance Programme progressed better than expected, resulting in £3.7m budget being accelerated from 2019/20. Similarly, the contractor for the Street Lighting PFI project remained ahead of programme meaning £1.4m was accelerated from 2019/20.
- As a result of the main contractor going into administration, £2.3m for the Manchester/Salford Inner Relief road (MSIRR) project was moved in to this financial year.

7.3 The Highways capital programme is currently forecasting to spend £63.5m compared to a budget of £58.7m, a variance of £4.8m. Spend to date is £22.3m, or 35.1% of the current forecast. The programme is shown in the table below:

	19/20 Spend to date £m	19/20 Budget set in Feb 19 £m	19/20 Revised Budget £m	19/20 Forecast £m	19/20 Variance £m	All Years Budget £m	All Years Forecast £m	All Years Variance £m
Highways								
Highways Planned Maintenance Programme	8.4	18.1	14.4	20.1	5.7	108.1	107.6	-0.5
Manchester/Salford Inner Relief Road (MSIRR)	5.4	5.6	7.9	9.2	1.3	13.9	15.2	1.3
Street Lighting PFI	4.1	12.0	10.6	10.6	0.0	32.7	32.7	0.0
Mancunian Way and Princess Parkway National Productivity Investment Fund (NPIF)	0.4	4.5	6.2	5.3	-0.9	8.8	8.8	0.0
Other Projects	3.9	17.0	19.6	18.2	-1.3	115.2	117.6	2.4
Total Highways	22.3	57.2	58.7	63.5	4.8	278.7	281.9	3.2
				Reprofiling	3.6			

Cost Variations	-0.7
Net over (under) spend	1.9

Activities

- 7.4 All carriageway resurfacing and road marking works for the MSIRR project are being reported at 99% completed, with footway works and verges on all junctions at 90% complete. Work remains ongoing to confirm this assessment. The project social value is reported to be at a similar completion stage.
- 7.5 A consultation has taken place with residents and businesses regarding the A6 Stockport Road Pinch point widening proposals and other improvement works to reduce journey times through Longsight. The detailed design, works information and road safety audit report for this project were all completed in June 2019.
- 7.6 Preliminary works for the Mancunian Way and Princess Parkway National Productivity Investment Fund (NPIF) project commenced on site in July 2019. The main highways work commenced in October 2019 and the project is on schedule to complete by June 2020.
- 7.7 Works at the next 10 sites of the Schools Crossings programme will commence in the next period, with works currently complete at over half of the sites.
- 7.8 The funding agreement has now been signed with Airport City for the Green Bridge project. Work can now progress on the design and a grant payment has been made to Airport City. A further payment is expected to be made in November 2019.
- 7.9 Planning for Highways major schemes, wherever possible, is being based on lessons learned from issues on the Manchester/Salford Inner Relief Road project, seeking to maximise weekend and evening working to avoid travel disruption as far as possible. Works are also considered as part of a wider programme in an effort to minimise the impact on the network by avoiding scheduling too many schemes during the same time period.

Variances – All Years

- 7.10 There is an underspend of £0.5m on the Planned Highways Maintenance Programme following the final accounts of schemes completed in 2015/16 and 2016/17, which will be re-appropriated and utilised against highways schemes in 2019/20.
- 7.11 An overspend of £1.3m has been reported against the Manchester/Salford Inner Relief Road project based on risk items and administrators costs. Due to the contract type, the Council is liable for additional costs incurred and therefore the project is kept under careful review.

- 7.12 As per the spend profile received from Stockport MBC for the Stockport SEMMMS A6 scheme, there is currently additional expected spend of £2.3m in 2019/20 and 2021/21 that will be covered by grant funding from the Department for Transport (DfT).
- 7.13 A budget increase is required for the Safe Routes to Loreto High School scheme as costs have increased by £0.1m since the design stage due to additional works being required.

Variances – In Year

- 7.14 The main variances reported are:

Highways Maintenance Programme

- The Carriageway Preventative and Carriageway Resurfacing schemes continue to progress well, resulting in an acceleration to the programme of £2.5m in 2019/20.
- Similarly, as per the current programme of works the Drainage programme requires £2.5m of acceleration in to this financial year.
- Other in year variances to the Highways Maintenance Programme require total acceleration in to 2019/20 of £0.7m.

NPIF

- There is a need to move £0.9m budget in to 2020/21 for the Mancunian Way and Princess Parkway NPIF scheme as a result of a redesign following concerns raised by residents and members. This initial delay should not affect the overall expected completion date of the project.

Other Projects

- Within the Public Realm budget, £0.8m has been moved in to 2020/21 in relation to the Automatic Bollard replacement scheme, as the specification needs to be amended before the tender process. There will also be some market testing, meaning construction will start later in the year.
- The £0.2m budget against the Congestion Target Performance scheme has been replaced by a new scheme called A6 Stockport Road. The budget has therefore been removed from the Capital Programme.
- There is an expected underspend of £0.3m against the Princess Road Safety review scheme due to a change in the design of the scheme. This has been moved into 2020/21 to allow the scheme to complete and for the underspend to be confirmed.

Risks

- 7.15 The Highways programme for 2019/20 contains a high number of large and strategically important projects for the highway network and the service is working to ensure that the works can be delivered to the timescales indicated.

Works are assessed and scheduled based on potential impact to the network in an effort to minimise disruption to commuters wherever possible.

7.16 With the nature of the projects in Highways, there are inherent risks around external factors, such as weather conditions, which can hinder the schedule of works. The availability of appropriately skilled resources has also been identified as a significant risk to the timely delivery of projects, with recent and planned recruitment activity seeking to mitigate associated resourcing risks.

7.17 Extensive consultation with stakeholders is undertaken to ensure proper engagement and input in to the schemes being delivered, as well as to manage expectations within available budgets and realistic timescales. The intention is to minimise the risk of scope creep and raise awareness of the impact of schemes on journey times. Where need is identified, additional funding opportunities through partners are also routinely explored in order to increase project scope.

8 Neighbourhoods Programme

8.1 The Neighbourhoods programme is shown in the table below, and is split across three main themes, the details of which are provided separately below:

Neighbourhoods Capital Programme 2019/20 (August 19)

Neighbourhoods	Budget set in Feb 19 £m	Budget £m	Forecast £m	Variance £m	Spend to Date £m	Spend to Date as % of Forecast
Environment and Operations	7.4	7.6	7.6	0.0	0.9	11.8%
Leisure	17.3	5.5	5.0	-0.5	1.4	28.0%
Libraries	0.9	0.9	0.7	-0.2	0.2	29.5%
Total Neighbourhoods	25.6	14.0	13.3	-0.7	2.5	18.8%
				Reprofiling	-0.7	
				Cost Variations	0.0	
				Net over (under) spend	0.0	

8.2 Within the 2018/19 Capital Programme Outturn report, the £13.0m budget for the Football Association (FA) Hubs project was re-profiled in to future years pending confirmation of grant funding. This has now been removed from the Capital Programme. More information can be found in paragraph 8.15.

Environment and Operations Programme

8.3 The schemes within the Environment and Operations Programme are centred on improving the environment with the main focus on the control of waste disposal and promoting recycling.

- 8.4 The Environment and Operations programme is forecasting to spend £7.6m compared to a budget of £7.6m. Spend to date is £0.9m, or 11.8% of the current forecast. The programme is shown in the table below:

Environment and Operations	19/20 Spend to Date £m	19/20 Budget set in Feb 19 £m	19/20 Revised Budget £m	19/20 Outturn £m	19/20 Variance £m	All Years Budget £m	All Years Forecast £m	All Years Variance £m
Waste Reduction Measures	0.1	1.5	1.5	1.5	0.0	4.7	4.7	0.0
Waste Contract	0.8	5.9	5.9	5.9	0.0	11.5	11.5	0.0
Other Projects	0.0	0.0	0.3	0.3	0.0	1.3	1.3	0.0
Total Environment	0.9	7.4	7.6	7.6	0.0	17.5	17.5	0.0
Reprofiling					0.0			
Cost Variations					0.0			
Net over (under) spend					0.0			

Activities

- 8.5 Works to procure residual bins to encourage recycling in communal properties and residential housing are expected to complete by December 2019.
- 8.6 The Waste Contract scheme is a loan to Biffa for the purchase of vehicles for the Council within the waste and street cleansing contract. Biffa have purchased a further five vehicles and further purchases are now being considered.

Variations – In Year

- 8.7 There are currently no variances projected against budget for the Environment and Operations programme.

Leisure Programme

- 8.8 The Leisure Programme provides leisure, sports and park facilities and services to communities across the City to promote health and wellbeing. It includes improvements to energy equipment to reduce consumption to realise economic and environmental benefits. The programme also includes improvements to facilities which are used for events with the intention of also providing an economic benefit.
- 8.9 The Leisure programme is forecasting to spend £5.0m compared to a budget of £5.5m, a variance of £0.5m. Spend to date is £1.4m, or 28.0% of the current forecast. The programme is shown in the table below:

Leisure	19/20 Spend to Date £m	19/20 Budget set in Feb 19 £m	19/20 Revised Budget £m	19/20 Outturn £m	19/20 Variance £m	All Years Budget £m	All Years Forecast £m	All Years Variance £m
Parks Programme	0.8	2.8	1.7	1.7	0.0	21.2	21.2	0.0
Indoor Leisure – Abraham Moss	0.5	1.7	2.0	2.0	0.0	14.8	14.8	0.0
Indoor Leisure – Moss Side	0.0	0.0	0.1	0.1	0.0	8.7	8.7	0.0
Other Projects	0.1	12.8	1.7	1.2	-0.5	39.0	26.0	-13.0
Total Leisure	1.4	17.3	5.5	5.0	-0.5	83.7	70.7	-13.0
					Reprofiling			-0.5
					Cost Variations			0.0
					Net over (under) spend			0.0

Activities

- 8.10 Abraham Moss Leisure Centre designs progressed to RIBA stage 4 in September 2019. The current design suggests significant pressures against the existing budget and further work is required. A planning application submission was submitted in October 2019.
- 8.11 All planned social value associated with the Moss Side Leisure Centre has been reported as delivered including apprenticeships, jobs created and work placements. A total of 193 apprentice weeks were banked and 9 new jobs created.
- 8.12 Works at King George V Park, Heaton Park South Play and the additional works at Platt Fields are now complete. A number of further Leisure and Park projects are under development including Non-Turfed Cricket Wickets and Manchester City Football Club in the Community park enhancement works including Ladybarn Park and Scotland Hall Road Park, with business cases expected to be brought forward this financial year.
- 8.13 Works are ongoing at the Manchester Aquatics Centre (MAC) and National Cycling Centre (NCC) to develop designs to RIBA Stage 2 to support major refurbishments at both venues. Full business cases are to follow in January 2020.
- 8.14 In the interim, works to develop office accommodation at the NCC for British Cycling have now completed. Leisure are also reviewing proposals for building a wind tunnel in East Management for British Cycling's use. Site options are currently being considered, and works would be on a spend to save basis with British Cycling currently spending £250k annually to travel to use a facility in Southampton.

Variations - All Years

- 8.15 The first priority site for the Football Association (FA) Hubs project is Hough End. A master plan for the site is currently in development which will inform future provision and the operating model. Due to the change in scope, the initial budget of £13.0m to be funded through borrowing has been removed from the Capital Programme and an alternative scheme utilising this will be brought forward. Further alternative plans will be developed in the future for any additional sites.

Variances - In Year

- 8.16 The £0.5m budget for Boggart Hole Clough has been re-profiled in to next financial year whilst the project is paused and a full scheme is developed and consultation with key stakeholders and members is undertaken.

Libraries Programme

- 8.17 The library programme seeks to bring up to date accessible technology to communities, provide high quality exhibition areas attracting visitors and residents and create new community meeting spaces.
- 8.18 The Libraries programme is forecasting to spend £0.7m against a budget of £0.9m. Spend to date is £0.2m, or 29.5% of the current forecast. The programme is shown in the table below:

Libraries	19/20 Spend to Date £m	19/20 Budget set in Feb 19 £m	19/20 Budget £m	19/20 Outturn £m	19/20 Variance £m	All Years Budget £m	All Years Forecast £m	All Years Variance £m
Open Libraries	0.1	0.5	0.5	0.3	-0.2	0.5	0.5	0.0
Other Projects	0.1	0.4	0.4	0.4	0.0	2.7	2.7	0.0
Total Libraries	0.2	0.9	0.9	0.7	-0.2	3.2	3.2	0.0
					Reprofiling			-0.2
					Cost Variations			0.0
					Net over (under) spend			0.0

Activities

- 8.19 Works have completed at Withington Library and Wythenshawe Forum as part of the open libraries programme. Project officers are currently assessing building information in order to deliver open libraries works at the Avenue Library.

Variances - In Year

- 8.20 There is a requirement to move £0.2m budget into the next financial year for the open libraries project, specifically in relation to Chorlton Library. Investigations are underway for installation of the system at the library and works are expected to complete in 2020/21.

Risks

- 8.21 External funding can form a significant part of available budgets to support parks improvements but is subject to lengthy negotiation and is not always successful. The risk profile has been updated to include the ability to secure match funding from external partners including Historic England and the Heritage Lottery Fund. This will be monitored by the programme board.
- 8.22 Recruitment to the Parks Development Programme team needs to be successfully completed to enable the feasibility studies and options appraisals required to support future investment. The project team are reporting all recruitment will be complete by December to support the timely delivery of the programme.

9 Growth and Development Programme

- 9.1 The Growth and Development programme is shown in the table below, and is split across four main themes, the details of which are provided separately below:

2019/20 Growth and Development Programme (September 19)

Growth and Development	Budget set in Feb 19 £m	Budget £m	Forecast £m	Variance £m	Spend to Date £m	Spend to Date as % of Forecast
Culture	55.3	44.3	34.3	-10.0	12.4	36.2%
Corporate Estates	34.8	27.9	25.7	-2.2	4.4	17.1%
Development	25.0	35.7	34.1	-1.6	8.6	25.3%
Other Growth and Development	12.0	20.0	20.0	0.0	5.2	25.9%
Total Growth and Development	127.1	127.9	114.1	-13.8	30.6	26.8%
				Reprofiling	-13.5	
				Cost Variations	0.0	
				Net over (under) spend	-0.3	

Culture Programme

- 9.2 The Factory will act as a driver of the next stage of Manchester's and the North's regeneration – with clear cultural, economic, educational and social benefits for the city and the wider region. It will be a new type of venue – one that can commission, produce and present the widest range of opera, dance, theatre, visual arts and popular culture, with an emphasis on new cross-art form collaborations, for a much wider audience than any traditional venue.
- 9.3 Prior to the changes noted in this report, the Factory budget was updated at outturn for the revised programme cash flow from the contractor, following the project receiving notice to proceed (NTP).

9.4 The Culture programme is forecasting to spend £34.3m compared to a budget of £44.3m, a variance of £10.0m. Spend to date is £12.4m or 36.2% of the forecast. The programme is shown in the table below:

Culture Programme	19/20 Spend to Date £m	19/20 Budget set in Feb 19 £m	19/20 Revised Budget £m	19/20 Forecast £m	19/20 Variance £m	All Years Budget £m	All Years Forecast £m	All Years Variance £m
The Factory	12.4	55.3	44.3	34.3	-10.0	139.4	139.6	0.2
Other Projects	0.0	0.0	0.0	0.0	0.0	26.8	26.8	0.0
Total Cultural	12.4	55.3	44.3	34.3	-10.0	166.2	166.4	0.2
Reprofiling					-10.0			
Cost Variations					0.0			
Net over (under) spend					0.0			

Activities

9.5 Steel works continue to progress well, and the concrete superstructure of the truck lift is now complete. Public realm plans are expected in November 2019 with planning submission in early 2020.

9.6 The Network Rail land transfer agreement and the Princes Bridge agreement have both been signed and are with Network Rail for sealing. Land transfer issues relating to small parcels of land leased to Arch Co are almost resolved with Heads of Terms agreed and a surrender agreement drafted for the company's signature. This will enable the certificate of title to be shared providing for the drawdown of funding.

Variances - All Years

9.7 There is a total overspend of £0.2m which relates to an increase in professional and legal fees, and the requirement for a greater service connection to the site. This will be addressed in the next iteration of the cost plan and associated budget reductions.

Variances – In Year

9.8 As the project has now received Notice to Process (NTP), the updated forecast for 2019/20 has been re-profiled in line with the construction programme and revised fees. The cashflow forecast is now responding to the implications of the revised programme and preliminaries profile. As a result £10.0m has been moved in to future years.

Risks

9.9 The risk profile for the Factory focuses on ensuring the project is delivered within the agreed budget and timescales, with the delivery and installation of

the steel required for the building construction, which is being managed on a section by section basis, forming the critical programme path.

Corporate Estates Programme

9.10 The programme supports the provision of fit for purpose accommodation for corporate and community use and proactively maintaining and managing the corporate estate which includes reducing carbon emissions.

9.11 The main changes since the budget set in February 2019 and prior to the proposals highlighted in this report are as follows:

- Various schemes within the Asset Management Programme were re-profiled to future years following a rescheduling of works for some large scale projects including Heaton Park and Hall. The 2019/20 budget is now £10.0m.
- The Hammerstone Road scheme is currently being reviewed taking into account the potential impact of the HS2 project. As a result, the 2019/20 budget was re-profiled at outturn from £7.1m to £2.9m.
- Upon receipt of the detailed investment grade proposals for the Carbon Reduction programme, the 2019/20 budget was revised to £6.1m at outturn.

9.12 The Corporate Estates programme is forecasting to spend £25.7m compared to a budget of £27.9m, a variance of £2.2m. Spend to date is £4.4m, or 17.1% of the current forecast. The programme is shown in the table below:

Corporate Estates	19/20 Spend to Date £m	19/20 Budget set in Feb 19 £m	19/20 Revised Budget £m	19/20 Forecast £m	19/20 Variance £m	All Years Budget £m	All Years Forecast £m	All Years Variance £m
Asset Management Programme	3.2	11.8	10.0	10.4	0.4	29.6	30.0	0.4
Hammerstone Road Depot	0.0	7.1	2.9	1.1	-1.8	15.0	15.0	0.0
Carbon Reduction Programme	0.0	8.5	6.1	6.1	0.0	10.2	10.2	0.0
Estates Transformation	1.1	7.4	6.8	6.3	-0.4	18.0	18.0	0.0
Other Projects	0.1	0.0	2.1	1.7	-0.4	2.3	1.9	-0.4
Total Corporate Estates	4.4	34.8	27.9	25.7	-2.2	75.1	75.1	0.0
					Reprofiling	-2.2		
					Cost Variations	0.0		
					Net over (under) spend	0.0		

Activities

9.13 Works are progressing on schedule for the 2019/20 Asset Management Programme (AMP).

9.14 Corporate Estates have recently opened the new Hulme District Office on

Stretford Road, which includes LED lighting and Solar Photovoltaic panels on the roof.

- 9.15 The next phase of Estates transformation activity will see Alexandra House and the nearby underground car park being fully refurbished. Taking place from September 2019 to November 2020, the refurbishment will improve the working environment for staff. Additionally, the introduction of numerous energy-saving methods, such as LED lighting and thermally efficient windows, will help the Council's target of becoming a sustainable city. The building and car park are scheduled to reopen in December 2020.
- 9.16 The detailed plan of works for the Carbon Reduction Programme has been agreed with the contractor who will be located with the Estates team from October onwards as the project moves into its delivery phase.

Variances – All Years

- 9.17 A virement of £0.4m has been actioned from the Ross Place budget to the Asset Management Programme (AMP) as the approved budget is now not required in full. Further works to be undertaken in AMP using this budget are being progressed through Estates Board.

Variances - In Year

- 9.18 The Hammerstone Road project is currently paused pending a review of individual project element costs including construction inflation pressures. As the main contract works and post-contract fees are now forecast to begin in 2020/21, £1.8m budget will be moved in to next financial year.
- 9.19 Following the contract programme and activity schedule for Alexandra House being agreed and work commencing on site on 2nd September, the project has been re-profiled and £0.4m has been moved in to next financial year.

Risks

- 9.20 There is a carefully planned rolling programme of activity to assess and address end of life replacements through the Asset Management Programme with close collaboration with Capital Programmes colleagues to ensure momentum is maintained. This may lead to a change in priorities during the year.
- 9.21 The Carbon Reduction programme is retrofitting efficiency measures to existing buildings of varying ages and conditions meaning there is a possibility that unknown items such as sub-standard electrical infrastructure or asbestos could be uncovered. To mitigate this, the programme has allowed for a 15% works contingency. A detailed building by building risk log will be maintained and managed throughout the delivery phase with key risks being escalated to the Carbon Reduction Programme Board, reporting into the Estates Board.
- 9.22 Ability to secure resources and suppliers in a buoyant market is a risk to the Estates Transformation Programme. It is being mitigated through early and

ongoing planning to inform pipeline decision making about resource availability and allocation.

Development Programme

- 9.23 The Development Programme seeks to provide sustainable growth and transformation of the City, not only to support internal growth but also to retain international competitiveness by promoting opportunities to develop the City's fabric, infrastructure, business and skills base and connecting local communities to employment opportunities.
- 9.24 Prior to the changes noted in this report, and reported at outturn, the £3.9m set aside for the acquisition of land for the joint venture within the Northern Gateway scheme, was re-profiled in to 2019/10 whilst discussions were ongoing. Due to a shift in grant drawdown timings, City Labs 2 and Digital Business Incubators saw re-profiling of £4.0m collectively in to this financial year.
- 9.25 The Development programme is forecasting to spend £34.1m compared to a budget of £35.7m, a variance of £1.6m. Spend to date is £8.6m, or 25.3% of the current forecast. The programme is shown in the table below:

Development	19/20 Spend to Date £m	19/20 Budget set in Feb 19 £m	19/20 Revised Budget £m	19/20 Forecast £m	19/20 Variance £m	All Years Budget £m	All Years Forecast £m	All Years Variance £m
Digital Asset Board (MCDA)	2.4	1.2	5.2	5.2	0.0	27.1	27.1	0.0
Strategic Acquisitions Board	1.9	4.3	4.0	4.0	0.0	22.9	22.9	0.0
Northern Gateway	0.0	2.3	6.2	6.2	0.0	25.0	25.0	0.0
Eastern Gateway	1.8	5.3	3.8	3.6	-0.2	70.7	70.4	-0.3
City Centre	2.5	11.9	16.5	15.1	-1.4	62.4	62.4	0.0
Enterprize Zone	0.0	0.0	0.0	0.0	0.0	5.9	5.9	0.0
Total Development	8.6	25.0	35.7	34.1	-1.6	214.0	213.7	-0.3
					Reprofiling			-1.3
					Cost Variations			0.0
					Net over (under) spend			-0.3

Activities

- 9.26 Bids for the design of the Arena Memorial were received in September, with approval for the final design expected in December 2019. This will enable the Medieval Quarter, postponed to enable the incorporation of the Arena Memorial into the wider works, to commence on site in May 2020.

- 9.27 Capital Programmes staff are currently undertaking a review of proposals for Piccadilly Gardens. A contractor and design team will be appointed later this year and this will be followed by public consultation on design proposals.
- 9.28 The development of Lincoln Square is progressing on programme and will include a new Peace Park area. Discussions are taking place with the Friends of the Peace Gardens to move the Messenger of Peace statue to a site in Mulberry Square.
- 9.29 The agreement for the remaining Digital Business Incubators grant funding has been signed. The grant has now been passported to the 3rd party, allowing the works at the Bonded Warehouse to commence. Completion is expected by the end of 2019.

Variances – All Years

- 9.30 There is an anticipated underspend of £0.3m on the Eastern Gateway – New Islington Marina project following the forecast being updated to reflect the cost plus award fee (CPAF) figure now signed off by the client.

Variances – In Year

- 9.31 Further to the underspend noted in paragraph 9.30, there is a requirement to accelerate £0.1m in to 2019/20 for the Eastern Gateway – Central Retail Park Scheme due to professional fees, security and utility costs being incurred earlier than expected.
- 9.32 As noted in paragraph 9.26, the Medieval Quarter Public Realm project is currently postponed until the Arena Memorial works are incorporated into the wider scheme. As a result £1.4m of the budget has been moved in to 2020/21 when it is expected that the scheme will commence.

Risks

- 9.33 It should be noted that there are a number of significant elements of the Growth and Development programme, such as the 2019/20 Strategic Acquisitions programme, which are dependent on negotiations with third parties in order to achieve a successful outcome e.g. for land acquisitions. As a result the budget profile is a best estimate and is likely to change. The programme is continually subject to a detailed review and prioritisation exercise.

Other Growth and Development Programme

- 9.34 Prior to the changes highlighted in this report, it was reported at outturn that the Heron House and Registrars work had completed in 2018/19, however the fit out of floors 4 and 5 was reprofiled into 2019/20 as a consequence of various contract negotiations. As a result the remaining £4.5m budget was moved in to this financial year.

9.35 In line with the position reported to Executive, the legal agreements for the Civic Quarter Heat Network were signed and the programme of work updated meaning the budget was adjusted accordingly at outturn with the need to re-profile £3.6m in to 2019/20.

9.36 The Other Growth and Development Programme is forecasting to spend £20.0m compared to a budget of £20.0m, a variance of nil. Spend to date is £5.2m, or 25.9% of the forecast. The programme is shown in the table below:

Other Growth and Development	19/20 Spend to Date £m	19/20 Budget set in Feb 19 £m	19/20 Revised Budget £m	19/20 Forecast £m	19/20 Variance £m	All Years Budget £m	All Years Forecast £m	All Years Variance £m
Heron House and Registrars	1.5	0.0	4.5	4.5	0.0	20.6	20.6	0.0
Civic Quarter Heat Network	3.7	11.5	15.1	15.1	0.0	26.0	26.0	0.0
Other Projects	0.0	0.5	0.5	0.5	0.0	6.0	6.0	0.0
Total Other Growth and Development	5.2	12.0	20.0	20.0	0.0	52.6	52.6	0.0
Reprofiling					0.0			
Cost Variations					0.0			
Net over (under) spend					0.0			

Activities

9.37 Works have commenced onsite for the Civic Quarter Heat Network project, with road closures on Mount Street enabling the dig down for heat pipes and power cables to be laid. Project communications have been taking place in line with stakeholder and events plans with a 'First Pipe in the Ground' event held on 9th July attended by project staff and off-takers of energy and heat from the network.

Variations

9.38 There are currently no variations to budget for the Other Growth and Development Programme.

Risks

9.39 The Civic Quarter Heat Network project will need to ensure a return on investment to repay costs over the contract term. The scheme will need to offer competitive commercial terms to off-takers to ensure it appears attractive. To provide this, a continual review of project costs will be undertaken as well as value engineering exercises across the entire scope and project cost.

10 Our Town Hall Refurbishment

- 10.1 The Our Town Hall programme is a major scheme to update the architectural masterpiece that is the Manchester City Centre Town Hall, to protect and improve it for both Manchester and the nation, restoring and re-opening in 2024.
- 10.2 At outturn, £2.5m of the Our Town Hall budget for 2018/19 was moved in to this financial year due to the re-phasing of early works, plus costs and the drawdown profile being updated to reflect the commercial agreement following the finalisation of the Management Contractor terms. The 2019/20 budget is now £26.9m.
- 10.3 The Our Town Hall Refurbishment programme is forecasting to spend £21.9m compared to a budget of £26.9m, a variance of £5.0m. Spend to date is £4.7m, or 21.5% of the current forecast. The programme is shown in the table below:

Our Town Hall	19/20 Spend to Date £m	19/20 Budget set in Feb 19 £m	19/20 Revised Budget £m	19/20 Forecast £m	19/20 Variance £m	All Years Budget £m	All Years Forecast £m	All Years Variance £m
Our Town Hall Refurbishment	4.7	24.4	26.9	21.9	-5.0	305.2	305.2	0.0
Total Our Town Hall Refurbishment	4.7	24.4	26.9	21.9	-5.0	305.2	305.2	0.0
					Reprofiling	-5.0		
					Cost Variations	0.0		
					Net over (under) spend	0.0		

Activities

- 10.4 Works on the Town Hall are on schedule with the latest programme still scheduling practical completion for December 2023 and the building re-opening in the New Year. The Mechanical, Electrical and Plumbing (MEP) stage 1 contractor has now been appointed with the total package worth c£40.0m. A paper on carbon aspirations for the building is to be presented to the Town Hall Project Strategic Capital Board at the end of November.
- 10.5 The project cost plan and risk register have been updated to account for decisions taken by the Strategic Board when approving the RIBA Stage 3 design. Within the programme, Notice to Proceed (NTP) publication is scheduled for February 2020. Therefore, papers will be taken through the January committee meeting cycle with cost surety of between 60-70% achieved at this stage.
- 10.6 The Our Town Hall project team hosted three public 'meet the team events' at the end of June with plans available to demonstrate how the building and

public realm will be developed as part of the project.

Variances – In Year

- 10.7 Since outturn the budget has been re-profiled for the client side fees and updates to the design team fees. The construction forecast is now based on the revised programme and work packages and has been re-profiled to reflect this. The appointment of the MEP stage 1 contractor means that a fee has now been agreed and contingency budgets have been re-phased. As a result, there is a requirement to move £5.0m budget in to future years.

Risks

- 10.8 Due to the size, duration and nature of the programme, risk will be carefully managed through and across the various work packages. Site investigations and early works are vital to inform the design and cost aspects.
- 10.9 At this early stage of the project the spend profile remains uncertain. Once the project receives Notice to Proceed (NTP) a more detailed timeline of work will be agreed. It is likely that the budget profile will change.
- 10.10 In addition, external factors such as supply chain uncertainty and the availability or otherwise of sufficient and appropriate specialists to ensure the quality of the finished work, will require careful monitoring to ensure early action can be taken to reduce any negative impact on cost and programme.

11 Housing - General Fund

- 11.1 The Private Sector Housing programme focuses on providing affordable housing including the facilities, adaptations and community focus required.
- 11.2 As reported at outturn, £4.7m budget for the Marginal Viability Fund New Victoria scheme was accelerated in to this financial year to reflect the expected receipt of grant income in 2019/20. Subsequently, this has proved not possible and the project has been re-profiled accordingly.
- 11.3 The Private Sector Housing programme is forecasting to spend £17.5m compared to a budget of £28.8m, variance of £11.3m. Spend to date is £4.5m, or 25.7% of the current forecast. The programme is shown in the table below:

Private Sector Housing (General Fund)	19/20 Spend to Date £m	19/20 Budget set in Feb 19 £m	19/20 Revised Budget £m	19/20 Forecast £m	19/20 Variance £m	All Years Budget £m	All Years Forecast £m	All Years Variance £m
Brunswick PFI Land Assembly	0.9	1.7	1.5	1.7	0.2	9.5	9.5	0.0
Disabled Facilities Grant	3.3	7.9	7.8	7.8	0.0	53.9	53.9	0.0

Extra Care	0.0	2.4	2.4	0.0	-2.4	6.0	6.0	0.0
Ben St Regeneration	0.0	0.6	1.3	1.3	0.0	15.6	8.7	-6.9
Marginal Viability Fund – New Victoria	0.0	1.8	6.5	0.5	-6.0	10.5	10.5	0.0
Other Projects	0.3	10.3	9.3	6.2	-3.1	88.6	86.4	-2.2
Total Private Sector Housing (General Fund)	4.5	24.7	28.8	17.5	-11.3	184.1	175.0	-9.1
					Reprofiling			-9.0
					Cost Variations			-0.1
					Net over (under) spend			-2.2

Activities

- 11.4 Disabled Facilities Grant works are reportedly on schedule for this financial year with a request to draw down £2.4m reserves from prior years to enable additional works in the next financial year approved.
- 11.5 Approval to spend has been granted for the New Victoria Marginal Viability Fund scheme, which will enable the delivery of 520 new homes in the City Centre. The funding allocation from the Government's Housing Infrastructure Fund will be allocated to a developer in order for them to undertake the works on behalf of the Council.
- 11.6 The contract report for the West Gorton Park and Community Spaces project has now been signed after the successful completion of a tender exercise. Works commenced in September 2019, with expected completion in April 2020.

Variances - All Years

- 11.7 There is a total underspend of £6.9m against the Ben Street Regeneration project as the phase 2 redevelopment of the Alpine Street site is now being delivered by One Manchester who are legally committed to delivering 66 homes. No additional funding is required to help deliver this housing scheme and so the budget will be removed from the capital programme.
- 11.8 There is a further underspend of £2.2m against the Armitage Nursery and Community Facility as there are currently no plans for expenditure. This budget will be removed from the capital programme until a new scheme is developed and presented to the Strategic Capital Board.

Variances – In Year

- 11.9 Acceleration of £0.2m budget for the Brunswick PFI Land Assembly scheme is required due to the expected completion of a number of commitments and compensation payments.

- 11.10 The £2.4m budget for Extra Care will be moved into the next financial year as the Council continues to review Extra Care schemes, seeking the optimum balance between Manchester City Council led schemes and those led by Registered Providers supported by the Council.
- 11.11 A revised business case was submitted in June 2019 for the Marginal Viability Fund - New Victoria scheme, which details a revised profile of spend as a result of the grant agreement taking longer than anticipated. The planned programme and timescales have been adjusted accordingly meaning that £6.0m budget will be moved in to future years.
- 11.12 The £0.5m budget for 3 sites at Eccleshall Street has been moved in to 2020/21 whilst a full scheme for each of the sites is developed.
- 11.13 There are various other projects within the Private Sector Housing portfolio that collectively require budget re-profiling in to future years of £0.4m.

Risks

- 11.14 Delays with acquisitions, refurbishment works or sales could potentially result in the Empty Homes Programme being delayed with action needed to minimise the amount of time the Council is responsible for the properties. Similarly, delays to Extra Care schemes could impact on savings projected by Adult Services and the availability of funding from third parties. Given the early stage of this project this risk is not quantifiable but will be closely monitored.

12 Housing Revenue Account (HRA)

- 12.1 The Public Sector Housing programme seeks to bring the estate up to and maintain Decent Homes standard including statutory health and safety regulations and the reduction of CO2 emissions.
- 12.2 The Northwards programme was re-profiled by £0.6m at outturn due to potential savings identified and changes in the schedule of works across some minor schemes. A capital budget increase was requested in March for North Manchester New Builds 3, with work expected to begin in 2019/20, and so £0.9m was moved in to this financial year. These are the main changes to the budget set in February 2019 prior to those noted in this report.
- 12.3 The Public Sector Housing (HRA) programme is forecasting to spend £25.4m compared to a budget of £31.7m, a variance of £6.3m. Spend to date is £3.7m or 14.6% of the current forecast. The programme is shown in the table below:

Public Sector Housing (HRA)	19/20 Spend to Date £m	19/20 Budget set in Feb 19 £m	19/20 Revised Budget £m	19/20 Forecast £m	19/20 Variance £m	All Years Budget £m	All Years Forecast £m	All Years Variance £m
Northwards	3.2	27.3	27.9	23.3	-4.6	120.8	120.8	0.0
North Manchester New Builds (NMNB)	0.3	0.7	1.6	1.6	0.0	21.4	21.4	0.0
Other Projects	0.2	2.0	2.2	0.5	-1.7	48.3	48.3	0.0
Total Public Sector Housing (HRA)	3.7	30.0	31.7	25.4	-6.3	190.5	190.5	0.0
Reprofiling					-6.3			
Cost Variations					0.0			
Net over (under) spend					0.0			

Activities

- 12.4 The Northwards 2019/20 programme focuses on decent home provision, fire safety and the delivery of all 2018/19 delayed works. Northwards have confirmed the completion of their responsive investment works for this period which involves decent homes standard improvements to void properties. A further 9 projects and programmes are reported as currently live on site and 63 major adaptations delivered to date this year.
- 12.5 Currently £1.8m European Regional Development Fund (ERDF) has been granted to the Ground Source Heat Pump initiative with match funding of £2.8m budgeted from the HRA. The project will provide communal heating for 270 properties and will provide significant carbon savings.
- 12.6 An Affordable Housing New Build Board has been established to review existing schemes and identify future opportunities.

Variations – In Year

- 12.7 Across the whole of the Northwards programme of works, there is a requirement to move £4.6m budget into next financial year, including £1.7m for the installation of sprinkler systems for multi storey blocks and £1.5m on the kitchens and bathrooms programme, caused by issues in agreeing the target cost with the contractor.
- 12.8 There is £0.5m slippage against the Collyhurst Estate Regeneration programme, as confirmation of funding from Central Government is awaited.
- 12.9 The fire precautions works to high rise and shared public homes is due to be delivered by Northwards. The commissioning process has taken longer than originally anticipated and so the £1.2m budget has been re-profiled into 2020/21.

Risks

12.10 The Northwards programme relies on the performance of a number of contractors to deliver projects which creates a risk of delays. Ongoing monitoring of performance and regular communication with partners are used to manage risks in these areas.

12.11 There are risks around obtaining listed building consent and planning approvals required for some of the projects, to be managed through timely collaboration with colleagues in Planning and design teams.

12.12 Northwards have updated their risk profile to include an expected increase in fire risk assessment costs on the high rise blocks due to an increase in the scope of work following detailed surveys, an increase in contractor costs due to demands on capacity and an increase in insurance costs in relation to accountability and risk.

13 Children's Services

13.1 The main focus of the children's services programme is to provide additional school places for children across the City and maintain the school buildings, ensuring that there is investment in modern, energy efficient and high quality education infrastructure which drives reductions in carbon across the estate of schools, 85% of materials are locally sourced and contractors recycle more than 75% of waste products.

13.2 The main changes noted at outturn and prior to those within this report include various contingency budgets within the Education Basic Need Programme totalling £0.7m being moved in to 2019/20, until it became clear how much, if any would need to be utilised. An additional £1.2m Special Educational Needs grant was awarded from the Department for Education (DfE) which was added to the budget in March 2019 and moved in to 2019/20.

13.3 The Children's Services programme is forecasting to spend £13.4m compared to a budget of £42.7m, a variance of £29.3m. Spend to date is £4.1m, or 30.8% of the current forecast. The programme is shown in the table below:

Children's Services	19/20 Spend to Date £m	19/20 Budget set in Feb 19 £m	19/20 Revised Budget £m	19/20 Forecast £m	19/20 Variance £m	All Years Budget £m	All Years Forecast £m	All Years Variance £m
Basic Need and SEND Programme	0.2	29.6	30.3	3.6	-26.7	206.0	205.6	-0.4
School Maintenance programme	2.0	5.3	5.2	5.2	0.0	16.4	16.4	0.0
Other Projects	1.9	4.1	7.2	4.6	-2.6	8.4	8.4	0.0
Total Children's Services	4.1	39.0	42.7	13.4	-29.3	230.8	230.4	-0.4
					Reprofiling			-29.3

Cost Variations	0.0
Net over (under) spend	0.0

Activities

- 13.4 The programme contract for the Education Basic Need (EBN) Special Educational Needs (SEN) programme has now received sign-off and contractors have been informed. The programme is across 4 sites - Roundwood Social, Emotional, and Mental Health (SEMH) School, North Hulme SEMH School, Monsall Road Pupil Referral Unit (PRU) and Camberwell Park SEN School. Works are expected to commence on site Spring 2020 across all 4 schemes. Elsewhere within the EBN Programme, projects are progressing as planned for 2019/20.
- 13.5 The Schools Maintenance Programme for summer 2019 consisted of 20 schemes, of which 10 are now fully completed. For minimal disruption, the remainder will be completed during weekends and evenings. Investigatory works are being undertaken for potential additional schemes to add to the programme without impacting school business and to be funded from within the agreed budget. Any additional projects will be approved by the Schools Organisation and Strategy Board prior to seeking approval to spend.
- 13.6 The Special provision capital fund scheme has been agreed to expand North Ridge High School, to develop a standalone sixth form provision at the Abraham Moss Centre. A contractor has been appointed and the contract is expected to be agreed March 2020. A consultation will be held with special schools to determine how the additional £1.1m within the fund can be invested.

Variances - All Years

- 13.7 The unallocated Basic Need programme has been reduced by £0.4m. This is an accounting adjustment, based on demolition costs for the Beaver Road primary expansion being funded from elsewhere in the programme in previous years and a subsequent agreement that the costs can now be included in the Basic Need scheme.

Variances – In Year

Basic Need Programme

- 13.8 Following the contract reports being signed as noted in paragraph 13.4, the Education Basic Need SEN Programme schedule of works across the four schools has now been re-profiled, meaning there is a requirement to move £6.5m in to 2020/21.
- 13.9 Elsewhere within the Education Basic Need Programme, £20.2m of the unallocated budget has been moved in to next financial year whilst a review is undertaken of the number of school places required across the City in the

context of both the Council's Basic Need Programme and the Government's Free School Programme.

Other Projects

- 13.10 Due to changes in design, specifically in relation to the square footage of the building and other highways requirements, a revised programme has been produced for the Northridge SEN programme meaning there is a requirement to move £2.6m in to next financial year. Pre-construction activity has now commenced and the contract period is expected to commence in March 2020.

Risks

- 13.11 As the DfE have confirmed that Manchester will receive no Education Basic Need funding in 2020/21 due to significant investment planned in free schools, the forward plan for the Education Programme will be dependent on the decision on the next wave of free schools. The statutory duty to provide places belongs to the City Council and the relationship with the DfE is key in ensuring that the free school places are delivered on time in order that the duty can be met.
- 13.12 There is a further risk around the Council's ability to meet the continued growth of pupil numbers – particularly in-year school admissions which is more difficult to accurately project and manage. There is also a risk around the pace of residential development and the demand for school places outweighing the available supply in particular areas of the City. To offset these risks, the Director of Education is currently developing a School Places plan for 2020 to 2025 using forecasted demand to ensure that there is sufficient high quality school places available in the right areas across the City although this is dependent on identifying appropriate sites in the right areas.

14 ICT Capital Programme

- 14.1 The aim of the ICT programme is to reduce key risks, decommission legacy platforms and to create a simpler, more robust, resilient and easier to support environment. The programme will move towards a modern infrastructure whilst adding business value.
- 14.2 Following the appointment of the Interim Strategic Director of ICT, a review of the ICT Capital Plan resulted in the £8.8m ICT Investment Plan unallocated budget being moved in to future years. Kit for the Data Centre Network Design and Implementation project that was scheduled to arrive at the end of March arrived in early 2019/20, and hence £1.4m was re-profiled in to this financial year at outturn. These are the main variances from the budget set in February 2019, prior to the changes highlighted in this report.
- 14.3 The ICT programme is forecasting to spend £6.6m against a budget of £8.0m, a variance of £1.4m. Spend to date is £2.9m, or 43.9% of the current forecast. The programme is shown in the table below:

ICT	19/20 Spend to Date £m	19/20 Budget set in Feb 19 £m	19/20 Revised Budget £m	19/20 Forecast £m	19/20 Variance £m	All Years Budget £m	All Years Forecast £m	All Years Variance £m
New Social Care System	0.7	0.5	1.7	2.4	0.7	3.7	4.4	0.7
ICT Investment Plan unallocated	0.0	8.8	0.0	0.0	0.0	23.8	23.8	0.0
Other Projects	2.2	2.0	6.3	4.2	-2.1	23.9	23.9	0.0
Total ICT	2.9	11.3	8.0	6.6	-1.4	51.4	52.1	0.7
					Reprofiling			-2.1
					Cost Variations			0.0
					Net over (under) spend			0.7

Activities

- 14.4 The Interim Director of ICT has reconstituted the ICT Board including revised membership and terms of reference, using the ICT Directorate Leadership Team and Directorate ICT Boards as part of a revised governance approach for the Portfolio. A review of the ICT capital plan has resulted in forecast spend reducing for 2019/20 based on a more pragmatic approach to delivery, some delays in commissioning and decisions on approach being agreed.
- 14.5 Hardware for the Data Centre was received in June 2019 to enable works to be delivered on upgrading the facility. The programme is reporting a RED status, under special measures to ensure the exit of Sharp in January 2020 remains on track. Network handover will be in October 2019, with 12 weeks of business application and service migrations to the new Data Centres to follow.
- 14.6 The New Social Care System Liquid Logic, which incorporates a new social care payments system ContrOCC, went live at the end of July 2019. A lessons learned review is being undertaken.
- 14.7 The majority of the SAP migration to Nutanix took place during October as agreed with the business. There is one remaining element to be completed in November.
- 14.8 ICT is commencing work with existing suppliers to understand how and if it can baseline its current carbon footprint and how future projects can improve this position. As part of social value contributions, ICT has asked suppliers for donations for the Manchester Care Awards, which they continue to provide support for.

Variances – All Years

- 14.9 There is a £0.7m overspend in 2019/20 on the New Social Care System project due to additional staffing resources required to bring the project to a close. A business case to cover the additional resources until December 2019 from revenue has recently been submitted.

Variances - In Year

- 14.10 The Communications Room Replacement Phase 2 requires movement of £0.4m budget in to next financial year, due to a delay in the recruitment of the project manager and the project being at initiation stage longer than anticipated. The documentation to support the procurement of a supplier is currently being developed with the appointment estimated by 31st December 2019.
- 14.11 Due to the interdependency between the two projects, it is proposed that the budget for End User Computing is utilised for the Collaboration Platform Replacement project as this will be completed first. It is possible that the scope of the End User computing project may change as a result of the Collaboration work and so a further business case will be brought forward in the future to address this and to request any additional funding that may be required. Therefore, the existing budget has been reprofiled by £1.7m in to next financial year to allow for the Collaboration project to begin. Further information is included in the Capital Update report elsewhere in the agenda.

Risks

- 14.12 ICT projects are often interdependent which can lead to adjustments to the schedule of activity should changes occur in a particular project. Some projects may need external support and advice to be delivered and this may create delays as such work is completed.
- 14.13 ICT projects are subject to external factors such as cyber security risks as an incident could result in data unavailability or loss, impacting the Council's critical applications and services. The Council has Public Services Network (PSN) compliant infrastructure and up to date anti-virus software to mitigate this. The use of end of life software and hardware form part of the ICT risk profile to ensure ongoing operation of systems and hardware.
- 14.14 Ongoing risks around expiration of licenses and support contracts are managed through monitoring and review at operational and strategic level, taking into account costs associated with maintaining or changing existing arrangements into future years.

15 Corporate Services Programme

- 15.1 Included in the Corporate Services programme is Gorton Health Hub which will bring together key organisations responsible for tackling worklessness and low skills. This will have a positive impact providing new opportunities for local residents and will contribute to sustainable economic growth by replacing a number of old, poorly maintained and high carbon producing buildings into a more modern, energy efficient purpose built building.
- 15.2 The main variances from the budget set in February 2019 and reported at outturn include:

- Discoveries in the ground at the Integrated Working - Gorton Health Hub site led to a project review and £0.4m being re-profiled in to this financial year.
- Due to the company being ahead of progress as set out in the business plan, a variation in the BioMedical Investment work programme led to a pe-phasing in timing of the loan drawdown, meaning £2.5m was moved in to 2019/20.

15.3 The Corporate Services programme is forecasting to spend £17.1m compared to a budget of £24.4m, a variance of £7.3m. Spend to date is £2.7m, or 15.9% of the current forecast. The programme is shown in the table below:

Corporate Services	19/20 Spend to Date £m	19/20 Budget set in Feb 19 £m	19/20 Revised Budget £m	19/20 Forecast £m	19/20 Variance £m	All Years Budget £m	All Years Forecast £m	All Years Variance £m
Integrated Working – Gorton Health Hub	0.8	10.2	10.6	3.5	-7.1	22.8	22.8	0.0
BioMedical Investment	1.3	5.5	8.0	8.0	0.0	21.3	21.3	0.0
Other Projects	0.6	4.1	5.8	5.6	-0.2	133.7	133.7	0.0
Total Corporate Services	2.7	19.8	24.4	17.1	-7.3	177.8	177.8	0.0
					Reprofiling	-7.3		
					Cost Variations	0.0		
					Net over (under) spend	0.0		

Activities

- 15.4 The draft Heads of Terms have been agreed by partner organisations for the Gorton Health Hub project. The legal agreement for the lease is currently being progressed, with a planning application now submitted for the scheme.
- 15.5 The BioMedical programme is an investment to support research in the life science sub-sectors of Health and Medical Technologies – encompassing precision medicine, digital health, and diagnostics. To date, a £4.0m equity stake has been purchased, and £1.8m of the loan facility passported to the new vehicle.

Variations – In Year

- 15.6 The Integrated Working – Gorton Health Hub project has slippage of £7.1m due to discoveries in the ground and findings with utilities on site leading to a re-design of the building and therefore a delay. An updated construction programme is also now required. Planning submission was submitted in July and the updated start on site date is now January 2020. A full business case with revised costs and timescales is expected in November 19.
- 15.7 A potential £0.2m underspend has been indicated against the Pay and Display machines project, and as a result this has been moved in to next financial year until this is confirmed.

Risks

- 15.8 The nature and scope of the schemes within the Corporate Programme mean that the Council is highly reliant on third parties in determining the likely profile of spend and there is therefore a risk of external factors causing delays.

16 Capital Programme Re-phasing and Variations 2019/20 to 2024/25

- 16.1 Based on the monitoring information above, it is proposed that the capital programme budget is re-phased to reflect the planned delivery of projects in 2019/20 to 2024/25. The cumulative impact of these adjustments are shown in the table below.

Proposed Capital Programme variations 2019/20 to 2024/25

	2019/20 £m	2020/21 £m	2021/22 £m	2022/23 £m	2023/24 £m	2024/25 £m	Total Programme £m
Capital Budget (September 2019)	514.3	428.8	244.3	96.1	48.2	0.0	1,331.8
Forecast Re-profile	-69.7	11.9	29.1	25.8	3.0	0.0	0.0
Cost Variations	-3.0	-20.0	-0.4	0.0	0.0	0.0	-23.3
Proposed Capital Budget	441.6	420.7	273.0	121.9	51.2	0.0	1,308.5
<i>Of which:</i>							
Manchester City Council Programme	290.4	382.8	273.0	121.9	51.2	0.0	1,119.4
Programme on behalf of Greater Manchester	151.2	37.9	0.0	0.0	0.0	0.0	189.1

- 16.2 Further details regarding the proposed adjustments to the programme are given below.

Budget re-profiling:

- 16.3 As highlighted in the narrative of this report, various schemes throughout the capital programme are now forecast to be accelerated into 2019/20, or have been moved to 2020/21 or future years. The budgets for these projects will be re-profiled to reflect the changes, and the revised budget profiles are shown at Appendix B.

Virements

- 16.4 Various schemes across the programme require virements in 2019/20 - 2021/22, as shown in Appendix A.

- 16.5 The Council is recommended to approve virements over £0.5m within the capital programme as outlined in Appendix A.
- 16.6 The Executive is recommended to approve virements under £0.5m within the capital programme as outlined in Appendix A.

17 Social Value

- 17.1 All capital business cases are required to provide information on social value impact likely to be generated as part of the scheme. These include details of employment of local residents, training of local residents, improvements in key health outcomes, support of community cohesion, improvement in key education outcomes, help to other excluded groups and promoting environmental sustainability. These are considered as part of the scheme approval process via the Checkpoint system. Work is on-going as part of improving overall contract monitoring to review the monitoring of these activities.

18 Capital Resources

- 18.1 The capital programme is reviewed on an ongoing basis to confirm the capital resources required to finance capital spend are in place and the future years programme is fully funded. Work will continue to ensure that the resources required to finance the capital programme are secured and the level of prudential borrowing remains affordable.
- 18.2 The table below summarises the current funding assumptions, and this will continue to be reviewed for the remainder of the financial year to ensure that the optimum value for money is being achieved through the programme:

Draft funding position for 2019/20 Capital Programme:

	Draft Funding £m
Grants	55.3
Contributions	31.1
Capital Receipts	174.3
Revenue Contributions to Capital	28.3
Capital Fund	5.0
Borrowing	149.9
Total	443.9

- 18.3 The Deputy Chief Executive and City Treasurer will continue to manage the financing of the programme to ensure the final capital funding arrangements secure the maximum financial benefit to the City Council.

- 18.4 The requirements of the capital programme over the next five years are significant and both spend and funding streams will require close monitoring, particularly with the level of uncertainty for future funding allocations.

19 Change in PWLB borrowing rates

- 19.1 On the 9th of October the Public Work Loans Board, and executive agency of the Treasury, increased the cost of borrowing available to the Council by 100 basis points. This means that the future cost of borrowing for the Council has increased, and has implications for local authority debt markets.
- 19.2 Further details on this change, and its implications, can be found in the report on capital financing which was discussed at Resources and Governance Scrutiny Committee on the 5th of November.

20 Prudential Indicators Monitoring

- 20.1 Previously the monitoring of activity against the prudential indicators set during the budget process has been reported in the global revenue monitoring report. However, following the changes to the Prudential Code and the changes to the required indicators almost all the indicators relate to capital spend and financing, and it is therefore sensible to include them as part of the capital monitoring report so that they reflect the forecast position.
- 20.2 Details of forecast performance, based on the monitoring position above, against the prudential indicators is shown in appendix C.

21 Contributing to the Our Manchester Strategy

(a) A thriving and sustainable city

- 21.1 The capital programme contributes to various areas of the economy, including investment in public and private sector housing, education and children's social care, transport infrastructure, major regeneration activities, environmental, cultural and leisure services.

(b) A highly skilled city

- 21.2 The capital programme includes substantial investment in education and also 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

- 21.3 The capital programme includes investment in adult and children's social care, education, housing and the environment, cultural and leisure services, all of which contribute towards the strategy.

(d) A liveable and low carbon city

21.4 Investment in all areas of the capital programme contributes towards this community strategy, notably the investment in sustainable and affordable housing, building schools for the future, transport, environmental and major regeneration programmes.

(e) A connected city

21.5 The capital programme includes investment in highways infrastructure, and broadband expansion.

22 Key Policies and Considerations

(a) Equal Opportunities

22.1 By investing in building adaptations, access for people with mobility difficulties is made easier.

(b) Risk Management

22.2 The capital programme is based on forecast costs and funding, and as such there are risks to achieving the programme from external factors such as shortage of labour or materials, alongside market risks such as price fluctuations and interest rate charges. The Strategic Capital Board, and associated Portfolio Boards for each part of the programme, are tasked with regular monitoring of costs, delivery, quality and affordability, to help manage and mitigate these risks.

(c) Legal Considerations

22.3 None.