

**Manchester City Council  
Report for Resolution**

**Report to:** Executive - 19 December 2019

**Subject:** Capital Programme Update

**Report of:** Deputy Chief Executive and City Treasurer

---

**Summary**

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

**Recommendations**

1. To recommend that the Council approve the following changes to Manchester City Council's capital programme:
    - (a) Public Sector Housing – Northwards – Harpurhey 200 Estate Internal Works. A capital budget virement of £0.936m is requested, funded by a transfer from Northwards Housing Programme budget.
  2. Under powers delegated to the Executive, to approve the following changes to the City Council's capital programme:
    - (b) Highways – Northern Gateway Cheetham Hill Road to Pollard Street – Development Costs. A capital budget increase of £0.720m is requested, funded by an External Contribution from the Mayor's Challenge Fund.
    - (c) Highways Services – Highways Corridor Development. A capital budget virement of £0.437m of is requested, funded by a transfer from the Highways Investment Plan – Other Improvement Works budget.
  3. To note increases to the programme of £0.208m as a result of delegated approvals.
- 

**Wards Affected** - Various

<b>Environmental Impact Assessment</b> - 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.

<b>Our Manchester Strategy outcomes</b>	<b>Contribution to the strategy</b>
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 have no impact on the revenue budget.

---

### **Financial Consequences – Capital**

The recommendations in this report, if approved, will increase Manchester City Council's capital budget by £0.720m across the financial years as detailed in Appendix 1.

---

### **Contact Officers:**

Name: Carol Culley  
Position: Deputy Chief Executive and City Treasurer  
Telephone: 234 3406  
E-mail: c.culley@manchester.gov.uk

Name: Tim Seagrave  
Position: Group Finance Lead – Capital and Treasury Management  
Telephone: 234 3445

E-mail: t.seagrave@manchester.gov.uk

Name: Kirsty Cooper

Position: Principal Finance Manager – Capital

Telephone: 234 3456

E-mail: k.cooper@manchester.gov.uk

**Background documents (available for public inspection):**

The following documents disclose important facts on which the report is based and have been relied upon in preparing the report. Copies of the background documents are available up to 4 years after the date of the meeting. If you would like a copy please contact one of the contact officers above.

Report to the Executive 13<sup>th</sup> February 2019 – Capital Strategy and Budget 2019/20 to 2023/24

Report to the Executive 13<sup>th</sup> March 2019 - Capital Programme Update

Report to the Executive 26<sup>th</sup> June 2019 - Capital Programme Update

Report to the Executive 24<sup>th</sup> July 2019 – Capital Programme Update

Report to the Executive 11<sup>th</sup> September 2019 – Capital Programme Update

Report to the Executive 16<sup>th</sup> October 2019 – Capital Programme Update

Report to the Executive 13<sup>th</sup> November 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 13<sup>th</sup> 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 13<sup>th</sup> November 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 Public Sector Housing - Northwards – Harpurhey 200 Estate Internal Works. The 200 Estate is comprised of 139 properties and was one of the first estates to benefit from Northwards original Decent Homes Programme for internal work. The proposal is to replace the kitchen or bathroom (including installation of electric shower) where not previously replaced, and full rewires to properties where required. This virement will capitalise and fund the additional costs incurred in this work. A capital budget virement of £0.250m is requested in 2019/20 and £0.686m in 2020/21, funded by a transfer from Northwards Housing Programme budget.

## **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 Highways Services – Northern Gateway Cheetham Hill Road to Pollard Street – Development Costs. The scheme will lead to the creation of a continuous east-west walking and cycling route, linking neighbourhoods in the north and east city centre fringe. A capital budget increase of £0.358m in 2019/20 and £0.362m in 2020/21 is requested, funded by an External Contribution from the Mayor's Challenge Fund.
- 4.3 Highways Services – Highways Corridor Development. To develop seven highway corridor schemes to support the growth of the city, aligning with the 2040 Transport Strategy, City Centre Transport Strategy and Our Manchester Strategy. These key transport interventions will ensure that the city can continue to be an attractive place to invest and live and that transport will not become a barrier to growth. A capital budget virement of £0.122m in 2019/20 and £0.315m in 2020/21 is requested, funded by a transfer from the Highways Investment Plan – Other Improvement Works budget.

## **5.0 Prudential Performance Indicators**

- 5.1 If the recommendations in this report are approved the General Fund capital budget will increase by £0.720m, 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 £0.208m 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 £0.720m, if the recommendations in this report are approved.
- 9.3 The capital budget has increased by £0.208m 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.

<b>Appendix 1 - Requests for Adjustments to the Capital Budget Provision December 2019 EXECUTIVE</b>							
<b>Dept</b>	<b>Scheme</b>	<b>Funding</b>	<b>2019/20</b>	<b>2020/21</b>	<b>2021/22</b>	<b>Future</b>	<b>Total</b>
			<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Council Approval Requests</b>							
Public Sector Housing	Northwards - Harpurhey 200 Estate Internal works	HRA Reserves	250	686			936
Public Sector Housing	Northwards Housing Programme	HRA Reserves	-250	-686			-936
<b>Total Council Approval Requests</b>			<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Executive Approval Requests</b>							
Highway Services	Northern Gateway - Development Costs	External Contribution	358	362			720
Highway Services	Highways Corridor Development	Borrowing	122	315			437
Highway Services	Investment Programme - Other Improvement Works	Borrowing	-122	-315			-437
<b>Total Executive Approval Requests</b>			<b>358</b>	<b>362</b>	<b>0</b>	<b>0</b>	<b>720</b>
<b>Total Budget Adjustment Approvals</b>			<b>358</b>	<b>362</b>	<b>0</b>	<b>0</b>	<b>720</b>

<b>Appendix 2 - Approvals under authority delegated to the City Treasurer December 2019 EXECUTIVE</b>							
<b>Dept</b>	<b>Scheme</b>	<b>Funding</b>	<b>2019/20</b>	<b>2020/21</b>	<b>2021/22</b>	<b>Future</b>	<b>Total</b>
			<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Strategic Development	Factory - Network Rail Contribution	External Contribution	208				208
<b>Total Delegated Approval Requests</b>			<b>208</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>208</b>