Manchester City Council
Report for Resolution

Report to: Resources and Governance Scrutiny Committee – 4 February 2020
Executive – 12 February 2020
Council – 6 March 2020

Subject: Capital Strategy and Budget 2019/20 to 2023/24

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

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Summary

The purpose of the report is to present the 2019/20 capital programme and forward commitments, alongside the Capital Strategy for the City Council.

Recommendations

The Resources and Governance Scrutiny Committee is requested to note and comment on the report.

The Executive is requested to:

1. Approve and recommend the report to Council, including the projects for Executive approval in section 6.2.

2. Note the capital strategy.

3. Delegate authority to the Deputy Chief Executive and City Treasurer in consultation with the Executive Member for Finance and Human Resources to make alterations to the schedules for the capital programme 2019/20 to 2023/24 prior to their submission to Council for approval, subject to no changes being made to the overall estimated total cost of each individual project.

The Council is requested to:

1. Approve the budget changes for the 2019/20 capital programme.

2. Approve the capital programme as presented in Appendix 3 (for £318.0m in 2019/20, £378.4m in 2020/21, £288.8m in 2021/22, £208.3 in 2022/23 and £55.3m in 2023/24) which will require prudential borrowing of £710.7m to fund non-HRA schemes over the five year period for which provision has been made in the revenue budget for the associated financing costs (within limits previously agreed).

3. Delegate authority to:

a) The Deputy Chief Executive and City Treasurer in consultation with the Executive Member for Finance and Human Resources to approve capital expenditure on schemes which have budget approval.

b) The Chief Executive and Director of Highways in consultation with the Executive Member for Environment for the approval of the list of schemes to be undertaken under the Highways capital programme.

c) The Chief Executive and Director of Highways to implement the Highways schemes in accordance with the Capital Approval process and after consultation with the Executive Member for Environment on the final details and estimated costs.

d) The Deputy Chief Executive and City Treasurer in consultation with the Executive Member for Finance and Human Resources to add qualifying spend to save projects to the capital budget accordingly up to a maximum of £5m in 2020/21 and then £5m per year thereafter.

e) The Deputy Chief Executive and City Treasurer, in consultation with the Executive Member for Finance and Human Resources to accelerate spend from later years when necessary within the programme subject to resource availability.

f) The Deputy Chief Executive and City Treasurer in consultation with the Executive Member for Finance and Human Resources to agree and approve where appropriate the programme of schemes for the delivery of the corporate asset management programme.

g) The Deputy Chief Executive and City Treasurer and City Solicitor in consultation with the Executive Member for Finance and Human Resources to agree and approve the governance process for bids to the proposed VCSE Fund.

Wards Affected: Various

Environmental Impact Assessment - the impact of the decisions proposed in this report on achieving the zero-carbon target for the city
Under the governance process for capital expenditure decision making, zero and low carbon measures are a key component. Each project must set achievable carbon reducing targets before being approved. For some projects, the aim of the investment will be to reduce the City's carbon impact, for example the Civic Quarter Heat Network.

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 the strategy, notably 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	Through investment in areas such as 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 capital programme report as presented will require £710.7m (all non-HRA) of prudential borrowing over the period 2019/20 to 2023/24, all for Manchester City Council projects. Provision has been made in the proposed revenue budget for the associated financing costs, and for the revenue contributions to capital outlay (RCCO) which are forecast to be received from the General Fund and HRA.

Financial Consequences – Capital

For the City Council programme the latest budget for 2019/20 is £248.0m, of which £131.9m is forecast to be funded from borrowing. Across the forecast period 2020/21 to 2023/24, the budget is £930.8m, of which £578.8m is forecast to be funded from borrowing.

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Attachments

Appendix 1: Capital Approval Process flowchart
Appendix 2: Proposed Amendments to the Capital Budget
Appendix 3: Detailed Capital Programme 2019/20 – 2023/24
Appendix 4: Comparison of Capital Financing Requirement to External Debt and Internal Borrowing

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 February 2019 (Capital Strategy and Budget 2019/20 to 2023/24)
Report to Council 8 March 2019 (Capital Strategy and Budget 2019/20 to 2023/24)
Report to the Executive 13 March 2019 (Capital Programme Update)
Report to the Executive 26 June 2019 (Capital Programme Outturn Position 2018/19)
Report to the Executive 26 June 2019 (Capital Programme Update)
Report to the Executive 24 July 2019 (Capital Programme Update)
Report to the Executive 11 September 2019 (Capital Programme Update)
Report to the Executive 16 October 2019 (Capital Programme Update)
Report to the Executive 13 November 2019 (Capital Programme Monitoring 2019/20)
Report to the Executive 13 November 2019 (Capital Programme Update)
Report to the Executive 19 December 2019 (Capital Programme Update)
Report to the Executive 12 February 2020 (Capital Programme Monitoring 2019/20)

1 Introduction

1.1 As part of the suite of budget reports submitted on this agenda, Executive and Council are recommended to approve the updated Capital Strategy for 2019-24. This report details the latest position on the Strategy, the governance process and progress on delivery.

1.2 The capital strategy provides the medium to long term context in which capital investment decisions are made and the governance for those decisions, and also gives a summary of the Council's approach to investments and treasury management strategy which is elsewhere on the agenda. The Council's capital strategy also meets the requirements in the CIPFA Prudential Code.

1.3 The strategy sets out the priorities for the Council for its capital investment and forms the framework against which future investment decisions are made. Section 3 of the report sets out the priority areas for future investment, including carbon reduction and housing. Schemes and projects are only added to the budget at the point they have been fully developed and agreed as part of the checkpoint process. As the potential future investment proposals develop they will follow the governance process laid out in this report before they are approved.

2 Strategic Context

2.1 Global and national economic uncertainty mean that it is challenging to forecast how the UK Economy will perform over the next three to five years. This is as a consequence of weaker economic global growth, partly driven by trade protectionism, and Brexit-related uncertainties. If any significant economic slowdown materialises, there will need to be a national response from Government and a clear local response. Following the December 2019 General Election, the new Government has indicated that new funding opportunities will be announced in the March 2020 Budget which will require a Manchester response to in order to capture investment from such opportunities. It is against this backdrop that our overarching capital strategy should be considered.

2.2 Manchester is an ambitious city with a strong track record of delivery through partnerships and effective strategic leadership, improving the quality of life for residents and delivering a vision of making Manchester a world class city. As encapsulated in the Our Manchester Strategy the vision is for Manchester in 2025 to be in the top flight of world class cities:

- with a competitive, dynamic and sustainable economy that draws on its distinctive strengths in science, advanced manufacturing, culture, creative and digital business, cultivating and encouraging new ideas;
- with highly skilled, enterprising and industrious people;
- that is connected, internationally and within the UK;
- that plays its full part in limiting the impacts of climate change;
- where residents from all backgrounds feel safe, can aspire, succeed and live well; and

- that is clean, attractive, culturally rich, outward looking and welcoming.

2.3 To be internationally competitive the City Council has grasped the need to:

- deliver on meeting the need to reduce dependency and improve the productivity outcomes for residents - connecting all of the City's residents to the opportunities created by economic growth;
- embrace the need to be a zero carbon exemplar - as part of the City's aims to be zero carbon by 2038 at the latest;
- invest in, and strengthen, the council's existing economic and infrastructure asset base;
- ensure that there is a diverse housing offer for the city including homes that are affordable to those households on low and average incomes; and
- support the City's cultural and sporting offer.

2.4 The Our Manchester Strategy demands an integrated approach to the deployment of revenue and capital spend against a clear set of priorities. The development of a longer term, five-year, Capital Strategy forms a critical part of the City Council's strategic and financial planning from 2018/19.

2.5 Residents helped to devise the Our Manchester Strategy, and the benefits to residents of capital investment is a key concern for the Council. Through investment in housing, parks, leisure centres and highways, the capital programme seeks to prioritise the views and needs of the City's residents.

2.6 The last few years have witnessed a number of significant developments that have had, and will continue to have, a major influence on the future shape and approach to capital investment within the City. These include the "Our Manchester" Strategy, the Manchester Residential Growth Strategy, the proposals to strengthen policies on Affordable Housing in the city, new commercial development opportunities, and delivering on the outcomes of the reviews of the Highways Estate, the Operational Built Estate and the ICT Estate. The Council's declaration of a Climate Emergency and our stated ambitions to be a zero carbon city made in 2019 now provides an added dimension that cuts across all of these strategies and reviews.

2.7 The challenge for the future is to maximise the capital resources available to the Council in order to deliver the priorities for the City. This will require continued investment for transformation to define Manchester as an attractive place to live and further improve the quality of life for residents. The following will be important to achieving this:

- to support employment growth through a strengthening and diversification of the economic base and efficient use of land;
- investment in new and upgraded transport infrastructure including delivering the Highways Investment Programme
- to provide an expanded, diverse and affordable housing offer, creating the conditions to increase the supply of affordable and social housing, and that all new homes in the city are supported by good local public services and an accessible public transport infrastructure;

- to support new and expanded high quality primary and secondary school facilities for a growing population;
- to ensure that there is a sufficiency of facilities in the city to support the demands within our adults and social care system;
- securing investment for an internationally competitive cultural and sporting offer and sustaining core assets such as parks, leisure facilities and libraries for Manchester residents
- to support businesses and residents to create thriving district centres with appropriate retail, amenities and public service offer; and
- to promote the role and continuing growth of the City Centre as a major regional, national and international economic driver.

Underscoring all of the above will be the need to pursue interventions that both encourage and deliver the City's zero carbon goals.

2.8 Within a wider City Region and regional context the ambition is for Greater Manchester to become a financially self-sustaining region, sitting at the heart of the Northern Powerhouse with the size, the assets, the skilled population and political and economic influence to rival any global region.

2.9 Greater Manchester has been working hard, with Government, to turn that vision into a reality. The conurbation's priorities around growth and reform are widely recognised to be distinctive, evidenced and wholly appropriate for the long term success of the area. The City Region is still one of a few economic geographies capable of becoming a national engine of growth for the North and the UK as a whole, and in doing so, becoming a net contributor to the economy. Greater Manchester has made a strong, evidence-based case for the devolved, place-based management of local services, alongside innovative funding arrangements that remove unnecessary ring-fences to enable consistent prioritisation against Greater Manchester and Northern Powerhouse growth objectives.

2.10 Against this backdrop the new Greater Manchester Strategy "Our People, Our Place" sets out a Vision to make Greater Manchester one of the best places in the world to grow up, get on and grow old. The Plan sets out the ambitions for Greater Manchester and its population of 2.8 million. It covers health, well-being, work and jobs, housing, transport, skills, training and economic growth.

2.11 The Manchester and Greater Manchester Industrial Strategies were published in 2019 and set out the plans for developing a more inclusive economy that all residents can participate in and benefit from.

2.12 In early 2019 the Greater Manchester Combined Authority published a suite of strategic documents that translate the ambitions set out in the Greater Manchester Strategy into new development and growth for the next two decades. The Greater Manchester Spatial Framework, the Greater Manchester Transport 2040 Implementation Plan and the forthcoming Greater Manchester Housing Strategy provide the frameworks for future investment in the conurbation.

The 2019/20 Capital Programme

2.13 The capital programme has progressed in line with the agreed approach to capital spend and delivery in 2019/20, and as part of the overall five year capital strategy.

2.14 Within the Highways Investment Fund, maintenance, resurfacing, drainage and gulley works are ongoing. Other major Highways projects are progressing including Hyde Road and the A6 Pinch Point widening schemes. A number of walking and cycling schemes, to be funded through the Mayor's Challenge Fund are to be brought forward.

2.15 Works are ongoing at the Manchester Aquatics Centre and the National Cycling Centre to develop designs to RIBA Stage 2 to support major refurbishments at both venues. A number of projects within the Parks portfolio have completed including King George V Park, Heaton Park South Play, Painswick Park and additional works at Platt Fields.

2.16 Corporate Estates recently opened the new Hulme District Office on Stretford Road. Works have begun on the next phase of the Estates Transformation Programme which will see a complete refurbishment of Alexandra House and car park.

2.17 Projects which will reduce the Council's carbon emissions have progressed, including the ongoing replacement of existing street lights with LED bulbs, and the Civic Quarter Heat Network. This strategy starts to set out the areas for future investment.

2.18 Good progress continues at the Factory site, as steel works continue to be erected and other major milestones are reached such as the complex installation of the Proscenium truss.

2.19 Early works have begun on site for the Town Hall project. The project team continue to prepare for Notice to Proceed which is expected in early 2020. It is anticipated that c.£104.0m worth of work packages will have been procured by this date, which will equate to around 60% of the overall project.

2.20 The delivery programme for works funded from Disabled Facilities Grant has continued. Works on fire safety measures in the Council's housing stock have progressed. The first of the North Manchester New Build schemes has completed, with 20 shared ownership units and 40 affordable rent units delivered.

2.21 Work is ongoing to ensure that the Council continues to meet the demand for school places with the continued growth of pupil numbers in the City. A construction partner has been appointed for the Special Educational Needs programme to increase school places across 4 sites in the City - Roundwood, North Hulme, Monsall Road and Camberwell Park. The Schools Maintenance Programme for summer 2019 is nearing completion and a programme of work for 2020/21 is now being drafted.

2.22 Works within the ICT Investment Programme have progressed, to create a simpler, more robust, resilient and easier to support technological environment. A new social care system, which incorporates a new social care payments system, went live at the end of July 2019. In October, the Executive agreed to adopt Microsoft Office and its software tools - Microsoft 365 - to replace Google G Suite and Lotus notes.

3 Development of the Capital Strategy

3.1 The Capital Strategy has been developed to ensure that the Council can take capital expenditure and investment decisions in line with Council priorities and properly take account of stewardship, value for money, prudence, risk, sustainability and affordability. The Strategy, therefore, sets out the longer term context in which capital expenditure and investment decisions are made and gives due consideration to both risk and reward and the impact on the achievement of priority outcomes.

3.2 The Council makes a clear distinction between capital investments, where the achievement of strategic aims will be considered, alongside affordability; and treasury management investments, which are made for the purpose of cash flow management.

3.3 Council investments, as opposed to pure cash flow management decisions, will be made in line with the Capital Strategy priorities which are set out in this document. These decisions are clearly within the economic powers of the Council and there are strong governance arrangements that underpin the decision making. Longer term capital investment decisions will not be made purely on the basis of commercial decisions and chasing yield, however, inevitably some schemes will be financed all or in part from returns on investment. There may also be:

- externally funded programmes such as those for schools or The Factory;
- schemes funded from ring-fenced resources such as those within the Housing Revenue Account (HRA); or
- required investment from Council resources, including capital receipts, to support strategic priorities such as investment in the highways infrastructure, delivery of the ICT Strategy, asset management and the refurbishment of the Town Hall.

3.4 Through the existing capital programme and recent policy decisions there are already a number of overarching future investment priorities identified which are set out below.

3.5 With the recent declaration of the Climate Emergency by the City Council the Council has a clear target to at least ***halve its carbon output over the next five years***. Investment plans and associated benefits must consider the effect on carbon and work is taking place to understand how investment can be classified in terms of carbon impact as well as financial. The costs of new build programmes to higher environmental standards and meeting the needs of the

Local Plan and planning requirements need to be considered, running alongside investment in green spaces and places including trees and green walls which will require revenue resources for ongoing maintenance. In addition the majority of the Council's carbon emissions are from its existing corporate estate and housing stock and significant investment will be required to bring this up to carbon efficient standards. This represents a major opportunity to both establish Manchester as a centre for green technology and services, and to work with local skills providers to ensure that the city's residents are given the best possible opportunities to access these exciting new careers.

3.6 The Council recognises the ongoing priority to ***deliver new affordable housing stock*** resulting in the decision to increase the delivery target from 5,000 Affordable Homes to a minimum of 6,400 Affordable Homes between April 2015 and March 2025.

3.7 A commitment to developing a more ***inclusive economy***, both for the City and the Council, is vital and this ambition is set out within the Our Manchester Industrial Strategy. Achieving this ambition may require investments on an invest to save basis in existing Council assets, and will also require strategic investment to unlock wider developments, both commercial and residential. There is a major opportunity for new developments in the city such as the Northern and Eastern Gateways to become inclusive and zero carbon exemplars but they need to be adequately resourced to bring about the kind of social, economic and environmental benefits the city desires. The use of progressive procurement policies and social value will help to ensure the maximum benefit to residents from these new developments.

3.8 Regeneration in North Manchester, of which the Northern Gateway will play a crucial role, will continue to be an important part of the Council's capital strategy. Investment in the leisure centre at Abraham Moss, and the proposed investment at North Manchester General Hospital, are vital parts of the regeneration strategy.

3.9 Increasingly there will be a role for the Council to look at ***market intervention***, where the existing market outputs do not support the Council's wider aims. This is likely to be focussed on areas such as health and social care and particular residential and intermediate care, and will require significant partnership support. Such intervention may be short term in nature, to support the development of sustainable business plans, or interventions of a longer nature to support market change.

3.10 A key role for the future capital programme will be to ensure that the Council's ***corporate estate is fit for purpose***. The level of investment needs to increase to support the commitment to reduce the Council's carbon output and due to the current condition of the estate. This is particularly important for the leisure estate, where the assets developed for the Commonwealth Games are now nearly 20 years old, and also in the social care estate where the budget challenges faced by providers has led to a lower level of investment by them on maintenance than expected.

3.11 With the ongoing work around Our Transformation, there will be a continuing need to invest in ICT infrastructure as part of being a ***well-managed Council***. Increased digitisation, and the need to move from legacy ICT platforms, will mean investment is required, alongside work on ICT resilience, network capability, and key operating systems.

3.12 All capital investment decisions will be underpinned by a robust business plan that sets out any expected financial return alongside the broader outcomes including economic and social benefits.

3.13 This report includes forecast additional projects which may require capital investment over the medium term. These projects have been identified during the budget process as potentially being required to support the Council in achieving its strategic aims. These projects do not form part of the approved capital programme as set out within this report, and are expected to follow the governance process set out below as they are developed.

4 Carbon Reduction

4.1 The City Council has declared a climate emergency, and set an aim to become carbon neutral by 2038. This is an ambitious reduction which will require the Council to reduce its direct carbon dioxide emissions by at least 50% by 2025, while also playing its full part in supporting and influencing the city of Manchester to do the same. The Council will produce its zero carbon action plan for 2020-25 in March 2020.

4.2 Changes in how buildings are operated alongside behavioural changes such as recycling more are an important part of meeting that target, but it is vital that this is supported by capital investment aimed at reducing carbon.

4.3 The existing approved capital programme contains significant investment in carbon reducing measures, for example:

- the Street Lighting replacement programme is replacing the lights with LED lights with lower emissions;
- the Civic Quarter Heat Network is currently being built, which will allow Council buildings to be powered through cleaner energy; and
- the Carbon Reduction Programme is progressing, with building-specific projects identified which will reduce the carbon output.

4.4 To halve the Council's carbon output over the next five years it is clear that further capital investment is required, and hence it is recognised as one of the key priorities for future capital spend. The forecast additional projects identified in this report which could support this include:

- moving to a sustainable transport system across the City, including investment in cycle lanes and electric charging points;
- investment in the Corporate Estate to improve energy efficiency given the estate accounts for roughly 70% of the Council's carbon emissions;
- the electrification of the waste fleet;

- retrofit works to the Council's housing stock to move towards it being carbon neutral; and
- further investment in green energy solutions.

4.5 As described below, through the approval process for capital expenditure all proposed capital investment must be able to articulate how it can contribute to the Council's zero carbon target. This is one of the key considerations when projects are brought forward.

4.6 In recognising the importance of capital investment to achieving the carbon neutral date of 2038, it is also important to recognise the financial challenge that this creates. The Council must set a balanced budget, and therefore capital financing costs must be affordable within existing revenue constraints. This means that capital investment aimed at reducing carbon must focus on projects which will make the biggest difference, and this will form part of the ongoing decision-making process.

5 Governance

5.1 Capital expenditure is spent on the purchase or improvement of assets that have a long-term value to the Council, such as land and buildings. The Council and its residents receive a benefit from the capital expenditure invested in the assets for a long period of time (i.e. more than a year). It is the Council's policy to capitalise any expenditure, over a total value of £10,000, which fulfils this criteria.

5.2 The Council does not currently exercise any of the capitalisation flexibilities potentially available to it, such as the use of capital receipts to support specific revenue expenditure related to service transformation. If such flexibilities supported Council strategy, this position would be reviewed.

5.3 The Council has revised the approval process for capital expenditure in order to strengthen the decision making criteria highlighted above. Work is continuing on improving and streamlining the process, including strengthening the links to the key decision process and to strengthen decision making on funding sources such as Section 106 contributions, to ensure that the use of such sources are maximised.

5.4 The capital expenditure and investment decision making process has five distinct stages to cover project initiation, project design and costs, democratic process, capital expenditure approval and monitoring/review. The process is shown at Appendix 1.

5.5 For any project seeking capital expenditure approval a business case must be drafted, covering:

- ***Strategic Fit:*** how the project links to the City Council's strategic priorities, social value, and any statutory requirements.
- ***Economic Value:*** what economic value the project will provide to the City, including social value.

- ***Financial Implications:*** funding model, with evidence of cost and capital and revenue implications
- ***Risk and Deliverability:*** timescale for delivery and identification of risks to the project, including legal issues.
- ***Outcomes to be delivered:*** what the project will achieve, and the benefits that will be realised. This includes social value, and impact on the low carbon strategy.

5.6 The business cases must be agreed by the relevant directorate board and supported by the relevant Executive member prior to submission to the Strategic Capital Board chaired by the Deputy Chief Executive and City Treasurer. The Board will then make recommendations to members.

5.7 Throughout the decision making process the risks and rewards for each project are reviewed and revised and form a key part of the monitoring of the capital programme. The Strategic Capital Board receive monthly updates from each directorate board detailing financial forecasts, risks, and expected outcomes.

5.8 The governance process for approving capital investments is the same as that for the wider capital programme. Any investment proposal is peer reviewed and the external and internal risks associated with the investment explored. Within the Council there are commercial and public sector professionals who are responsible for supporting investment proposals and establishing investment structures to mitigate any identified risks. Where required external advice is commissioned to perform due diligence or to support the creation of the business case.

5.9 The capital programme is monitored monthly, with quarterly reports to Executive. This will include any new approved capital investment proposals. They will also be subject to regular review including any annual assessment as part of the accounts process, which will take into account any material changes to the standing of the investment. New capital projects are reported to Executive in capital update reports, detailing the aims of the project and the source of the funding required.

6 Changes to the Capital Programme

6.1 All new capital proposals since 2017/18 have been assessed against the criteria above, highlighted at paragraph 5.5. The projects put forward within this report meet the criteria for inclusion around strategic fit.

6.2 There are a number of schemes which have been developed and are ready for inclusion in the capital programme which are summarised below. A summary of the schemes, funding and profile of spend can be found at appendix 2.

For Council approval:

- Rushcroft and Pevensey Court Ground Source Heat Pumps – installation of renewable heating systems to replace communal gas boilers;

- Hammerstone Road depot – additional funding following the widening of the scope of the project to allow the transfer of additional services to the depot, and following the end of design stage 3;
- Buy Back of former Council Properties – provision to buy back former Council homes to support the Council's housing objectives; and
- Central Library Refresh – refresh of the Archives+ exhibition, performance space technology and Children's Library.

For Executive approval:

- Highways Maintenance Challenge Fund – works to resurface Kingsway, funded by government grant;
- Deansgate Streets for All – development costs to develop the first phase of works to Deansgate;
- Automatic Bollard Replacement – further works on the project on new sites to improve security and safety from further threat;
- Basic Need – reintroduction of Basic Need grant income previously allocated to Matthews Lane, following the proposal to develop a new school on the site at Hyde Rd which has recently become available; and
- VCSE Capital Fund – creation of a fund for VCSE's to bid for small works to premises to boost capacity and increase service provision. The governance process for reviewing and approving bids to the Fund is being drafted, and it is proposed that the approval of this process is delegated to the Deputy Chief Executive and City Treasurer and the City Solicitor, in consultation with the Executive Member for Finance and Human Resources.

6.3 The Council's revised capital budget for the 2019/20 and the next five years is set out below. This includes the expected capital activity required to support the achievement of the Council's strategies and to maintain the operational estate.

7 Proposed Capital Programme from 2020/21

7.1 The capital programme 2020/21 to 2023/24 includes the continuation of the existing programme. For this report, the position is based on that forecast as at the end of December 2019, which is reported elsewhere on the agenda.

7.2 This report sets out the approved capital budget, with new projects to be approved as noted above. There are also pipeline schemes and potential capital projects which may be submitted into the capital approval process during the forecast period of the capital programme. Details of these are contained within the programme information below.

7.3 The budget for 2019/20 is £248.0m. In addition there are £70.0m relating to schemes hosted on behalf of the Greater Manchester Combined Authority leading to a combined total of £318.0m. The profile of capital expenditure will be updated as projects develop through the design stage or if the resource position changes. This is reported through to Executive in the regular Capital Update and Monitoring reports.

7.4 There are significant risks to the delivery of the proposed programme. Construction inflation is relatively high as the Manchester construction market remains buoyant and this will impact on costs for existing and future projects and an allowance will need to be made for this. It is difficult to project the exact budget requirement but for the purposes of the Strategy it is proposed to include a total budget of £30m across all years of the programme, to be funded from borrowing.

7.5 The proposed programme is summarised in the table below:

	2019/20 budget £m	**2020/21 budget** £m	**2021/22 budget** £m	**2022/23 budget** £m	**2023/24 budget** £m	**Total** £m	***Total 20/21-23/24*** *£m*
Manchester City Council Programme							
Highways	55.4	58.8	24.6	0.0	0.0	**138.8**	***83.4***
Neighbourhoods	8.6	16.7	17.9	3.9	2.9	**50.0**	***41.4***
Growth	90.8	119.0	53.9	14.2	0.0	**277.9**	***187.1***
Town Hall Refurbishment	17.0	49.1	92.7	99.3	34.7	**292.8**	***275.8***
Housing – General Fund	10.3	22.6	15.0	3.5	8.0	**59.4**	***49.1***
Housing – HRA	19.6	38.8	28.6	28.1	0.0	**115.1**	***95.5***
Children's Services (Schools)	25.2	29.5	29.7	43.4	0.0	**127.8**	***102.6***
ICT	5.7	5.7	10.9	9.4	7.7	**39.4**	***33.7***
Adults, Children's and Corporate Services	15.4	26.2	5.5	0.5	0.0	**47.6**	***32.2***
MCC TOTAL	**248.0**	**366.4**	**278.8**	**202.3**	**53.3**	**1,148.8**	***900.8***
Projects carried out on behalf of Greater Manchester	70.0	0.0	0.0	0.0	0.0	**70.0**	***0.0***
Inflation fund		12.0	10.0	6.0	2.0	**30.0**	***30.0***
TOTAL	**318.0**	**378.4**	**288.8**	**208.3**	**55.3**	**1,248.8**	***930.8***

7.6 Further details of the major schemes included are set out in this report and a full list of the projects and the budget split by financial year is shown at appendix 3.

7.7 As noted above, and detailed throughout the report as potential future investment, there are a number of key investment priorities. It is anticipated that as such schemes progress through the Council's approval process budget provision will be made for them. The figures in the table above also reflect that a number of grant funded programmes have not yet had the next round of

funding announced, for example Basic Need for school places, and it is expected that these will be added when such grant awards are given.

7.8 The proposals in this report are for the draft capital programme from 2020/21. The programme will be updated at the May meeting of the Executive to reflect the final outturn position for 2019/20. The programme will change as projects develop and this will be reported to members at the earliest opportunity.

8 Highways

8.1 The Highways capital programme consists of the investment in the City's highways network, including work on bridges, cycle paths and bus priority lanes. The programme is forecast to be £83.4m between 2020/21 and 2023/24 and the primary schemes within the programme are detailed below.

8.2 The Highways Maintenance Investment Programme (£44.9m) will continue. The programme will seek to implement longer term preventative maintenance measures, which would result in the Council's highways assets being improved and reducing maintenance costs. This includes works to drainage systems, large patching works, carriageway works and repairs to footpaths.

8.3 The Bridge Maintenance project (£6.8m) will continue to ensure that the Council's bridge assets across the highways network are maintained according to statutory guidelines.

8.4 The project widening A57 Hyde Rd (£3.6m) will continue, increasing the span of a disused railway bridge to allow removal of a pinch point, which currently reduces the number of traffic lanes from four to two. Heavy traffic congestion, particularly at peak times and journey times will both be reduced.

8.5 The Cycle City schemes (£2.8m) aim to provide a high-quality network of dedicated cycle routes across Manchester, encouraging people to make short journeys in a healthy and inexpensive way and reduce the environmental impact of private car use.

8.6 The project at Great Ancoats Street (£6.2m) will reduce barriers and restrictions for pedestrians on the Street and adjacent areas of the inner relief route. The project will also include more safe crossing places for pedestrians and improved signage to aid road users.

8.7 Works at the Mancunian Way junction with Princess Road (£4.2m), funded through the Department for Transport's National Productivity Investment Fund, will continue, improving and continuing capacity by creating signalled junctions.

8.8 The Public Realm programme (£2.4m) will support the maintenance and development of the Council's public realm assets.

8.9 The Street Lighting Private Finance Initiative (PFI) project (£3.7m) will deliver the procurement and installation of modern, state of the art, low energy light

emitting diode (LED) street lighting technology. The scheme will provide revenue savings due to reduced energy charges, and lower maintenance costs for the Council's street lighting.

8.10 The significant capital investment programme will improve road safety as wherever possible the changes to the highway are made to support it, for example the Great Ancoats Street where accident prevention is a key aim of the project. Similarly, the programme of cycling and walking improvements funded through the GM Mayor's Challenge Fund will see significant road safety benefits from better road crossings, segregated cycle lanes and additional pedestrian facilities.

Potential Future Investment

8.11 To support the City's wider development and growth plans, and the delivery of the GM 2040 Transport Strategy and the emerging city centre transport strategy, work has been undertaken to look at how the funding allocated for project development can be utilised. A pipeline of schemes is being developed based on data which prioritises sites on the highway network based on a number of strategic principles. Business cases for schemes will be drawn up and brought forward on a priority basis.

8.12 Work will be ongoing with Transport for Greater Manchester to move forward on plans for a sustainable transport system, including reducing car journeys together with supporting the expansion of electric vehicles through investment in charging points.

8.13 Investment is also expected to support the establishment and delivery of a number of major projects where highways infrastructure will play a key role. Currently proposals including the support of major developments such as consideration of HS2, Etihad Campus, Northern Gateway and the Airport and the Bee Network along with localised pinch points.

8.14 Investment which prioritises improvements to the network for cycling and walking will be pursued, with the development of a number of schemes approved through the GM Mayor's Challenge Fund. These works supplement other proposals which seek to promote sustainable forms of transport across the city.

8.15 The business case for investing in car park assets across the city in order to ensure stock is fit for purpose will be developed, and in particular the investment needed to meet additional requirements including the installation of electric charging points and cycle hire parking. Consideration to the future car parking capacity and policy for the city centre needs to be considered alongside the impact on existing revenue car parking income.

8.16 Work is also underway to review benefits achieved through previous Highways Investment Programmes. This will establish the rationale and outcomes for future potential investment needs.

9 Neighbourhoods

9.1 The Neighbourhoods capital programme includes the investment required to support the City's neighbourhoods and well-being, such as libraries and leisure centres. The programme is forecast to be £41.4m between 2020/21 and 2023/24, as shown in the table below, and the primary schemes within the programme are also detailed below:

	2019/20 budget £m	**2020/21 budget** £m	**2021/22 budget** £m	**2022/23 budget** £m	**2023/24 budget** £m	**Total £m**
Environment and Operations	2.6	5.0	0.0	0.0	0.0	**7.6**
Leisure	5.5	11.1	17.1	3.9	2.9	**40.5**
Libraries	0.5	0.6	0.8	0.0	0.0	**1.9**
Total Neighbourhoods	**8.6**	**16.7**	**17.9**	**3.9**	**2.9**	**50.0**

Environment and Operations

9.2 Work on Waste Reduction Measures (£1.2m) will continue, initially seeking to increase recycling rates in apartment blocks across the City.

9.3 As part of the waste and street cleaning contract, a loan will continue to be available to the contractor to upgrade vehicles (£3.8), including to make them clean air compliant, on a spend to save basis. The loan will be repaid through reduced service costs. As noted above, the potential to electrify elements of the waste fleet will be reviewed.

Leisure

9.4 The Parks Investment Programme (£12.0m) will focus on improvements to the quality of the community and local parks, green spaces and allotments across Manchester.

9.5 Investment will continue at Abraham Moss leisure centre (£20.0m). These works will reduce revenue costs associated with the upkeep of the building, and provide long-term savings to the Council.

Potential Future Investment

9.6 There is a need to continue with the development of the City's leisure estate, with the introduction of new leisure assets as well as large scale improvements to existing facilities as the focus of investment. It is expected that any such proposals would contribute to the low carbon aims of the Council. The funding for these works will be mixed due to the joint management of Waterfall funding with Sport England and the ability to access other national funds as well as the requirement to access City Council resources. Leisure spend over this next period will include the National

Cycling Centre refurbishment, Manchester Aquatics Centre refurbishment, Abraham Moss Leisure Centre and the Hub at Hough End.

9.7 The focus of Parks investment will be linked to the further development and approval of the Parks Development Plan. With funding already held against this programme, details of individual schemes and work packages will be brought forward, seeking to maximise investment across park assets.

9.8 Redevelopment of the North Manchester General site will form part of the regeneration of North Manchester, linking with the planned Northern Gateway investment as well as the provision of the new hospital and associated health facilities. Initially this may be focussed around Crumpsall Park. Such investment should be a priority for the Council against any source of regeneration finance that the Government may bring forward.

9.9 There are a number of potential library sites for investment over the next period as part of a wider estate management and the extension of customer self-service provision. Manchester Central Library has seen over 8 million visitors since reopening in 2014 and now welcomes 2 million visitors per year - there is a need to refresh the digital element of the library and also some other front of house areas including the children's library.

9.10 Manchester Art Gallery are developing proposals linked to the Platt Hall Gallery and other works to broaden their offer to residents and consider storage requirements for collections including Queens Park. There is also development work being undertaken for other venues which Manchester City Council own but are operated by other organisations. The Department for Digital, Culture, Media and Sport have recently announced a new capital funding scheme for which the details and application criteria are awaited.

9.11 To support the Council's low carbon agenda it is proposed that the waste management fleet is reviewed to explore potential electrification. Investment to "green the city" through tree planting, the use of green walls and other measures to absorb carbon and encourage biodiversity will be reviewed and considered.

9.12 The development of New Smithfield Market remains a significant potential investment opportunity, with work required to understand the scope of such works and the implications for the Council.

10 Growth

10.1 Growth includes the programme for the Council's property assets, and investment in neighbourhood development and cultural facilities. The programme is forecast to be £187.1m between 2020/21 and 2023/24, as shown in the table below, and the primary schemes within the programme are also detailed below:

	2019/20 budget £m	**2020/21 budget** £m	**2021/22 budget** £m	**2022/23 budget** £m	**2023/24 budget** £m	**Total £m**
Culture	30.1	55.7	13.7	0.0	0.0	**99.5**
Corporate Property	18.2	33.4	21.4	0.7	0.0	**73.7**
Development	42.5	29.9	18.8	13.5	0.0	**104.7**
Total Growth	**90.8**	**119.0**	**53.9**	**14.2**	**0.0**	**277.9**

Culture

10.2 The continuing Factory project (£69.4m) will create a cultural facility within the St John's area of the City Centre.

Corporate Property

10.3 The Asset Management Programme (£20.7m) will ensure that the Council's assets, including its elite sporting assets, are well-maintained.

10.4 The continuing Carbon Reduction Programme (£8.3m) will be used to explore schemes which can support the Council's aim of reaching zero carbon emissions by 2038. Such schemes may include the use of combined heat and power plant, solar photovoltaic panels, and the use of LED lighting within the Council's estate.

10.5 The continuing Estates Transformation plan (£6.9m), based on the stock condition surveys commissioned by the Council to ensure buildings fit for purpose and estate rationalised. This includes the refurbishment of Alexandra House. In addition to this programme the Hammerstone Road Depot project (£19.6m) will continue, investing in the depot to allow the Council to consolidate all depots into one site. This investment will allow other sites to be released, and reduce the maintenance costs associated with these sites.

Development

10.6 The Strategic Acquisitions budget (£4.3m) will provide funding for the Council to acquire key sites throughout the city, provided they become available, which can further the aims and objectives of the corporate plan particularly with regard to housing and regeneration.

10.7 The Sustaining Key Initiatives (£13.6m) investment provides the Council with the capacity to intervene to ensure key commercial, operational and mixed use development priorities are secured in the city. It is expected that any intervention would be done primarily on an investment basis.

10.8 The Northern Gateway investment plan (£18.8m) will lead to significant residential growth in the neighbourhoods of New Cross, Lower Irk Valley and Collyhurst through land assembly and the provision of core infrastructure, with the regeneration completed with Far Eastern Consortium who are the Council's joint venture partner.

10.9 The Medieval Quarter Public Realm (£1.6m) scheme will continue, providing public realm improvements in the north of the city centre around the River Irwell, Manchester Cathedral, Cheetham's and Victoria Station.

10.10 Further loan support for Manchester College (£5.0m) will continue to enable the first phase of the College's expansion.

10.11 Public realm works at Lincoln Square (£1.2m), supporting the wider redevelopment of the area, will provide a more distinctive identity for the square.

10.12 The Civic Quarter Heat Network (£13.5m) project aims to provide a heat network throughout the Council owned property estate in and around the Town Hall complex and to developments owned by the private sector in the vicinity of the Town Hall. This will reduce energy costs, and also help achieve the City's aim of reducing carbon emissions.

Potential Future Investment

10.13 There is a need to review the ongoing annual level of investment in the Council's corporate estate to ensure that it is of good standard and meets the needs of users. This may include the incorporation of assets which currently sit outside of the current Asset Management Programme, such as City Council owned schools, and may also include the maintenance of previous Sure Start centres and care homes, with the existing leasing arrangements with providers reconsidered to ensure the ongoing operation of the sites. In some instances consideration may have to be given to direct market intervention, as noted in the Adult's section of the report below.

10.14 The corporate estate will also be a key conduit of measures to help reduce the Council's carbon footprint and bring the estate up to a minimum energy performance certificate (EPC) rating of C, based on a strategy of Reduce, Produce and Connect. The aim is to reduce demand for energy, for example through design measures such as LED lighting, produce low carbon energy through solar panels and ground source heat pumps, and connect schemes together by gathering and sharing data to examine how energy demand can be further reduced. The estate asset management programme will form part of this work aligning works to the AMP repairs schedule where possible, alongside existing programmes such as the Carbon Reduction Programme and Civic Quarter Heat Network. There will also be the opportunity to explore investment opportunities into sustainable energy supplies for the City.

10.15 The Council will continue to explore and lead investment opportunities in key strategic areas of the City including the Etihad Campus, the delivery of the Northern Gateway strategic business plan, Eastern Gateway, and other areas for development such as Wythenshawe Town Centre and Moston Lane. Investment in Piccadilly Gardens will also be brought forward.

10.16 There may also be an opportunity to invest in primary/community care hubs, similar to that being developed in Gorton although perhaps smaller in scale,

working closely with the Health Service. However, the financing of these arrangements and the potential limitations around Health capital allocations will be an obvious consideration.

10.17 Opportunities to support the development of strategic assets through direct purchases or loans to partner organisations and third parties are also being explored as part of a wider investment approach. This may be particularly important for specific sites, such as Mayfield, where the Council's involvement can help progress and accelerate wider investment progress.

10.18 Proposals to establish a ring-fenced budget for the public realm in the St John's area of the City Centre, where the Factory project is a key development, funded from the expected growth in local taxation will be brought forward.

10.19 The Growth pipeline is wide and varied, and therefore consideration of appropriate investment strategies will be key. Understanding how projects interlink, when investments may be realised, and therefore the capacity to deliver both practically and financially will need to be key considerations.

10.20 There may be strategic investment opportunities where the capital financing costs are covered by an income stream from a third party. These should not have a negative impact on the Council's capital financing capacity, but will increase the Council's level of debt until they are fully repaid.

11 Town Hall Refurbishment

11.1 The Town Hall and Albert Square Refurbishment programme is for the full refurbishment and upgrade to modern standards of the Town Hall and the associated costs for Albert Square. The programme is currently forecast to be £275.8m between 2020/21 and 2023/24 with planned spend currently £17.0m in 2019/20.

11.2 Based on the project achieving notice to proceed, and with the greater certainty around the cost of work packages that this would represent, the cost plan will subsequently be reviewed and therefore the profile of the budget shown in this report is subject to change. Before notice to proceed is given, work is currently underway to review the completion of the design for the building, and the current overall costs based on the work packages which have been agreed or are in the tender process. The decision to proceed will be based on satisfactory outcomes to those reviews.

12 Housing – General Fund

12.1 The Housing – General Fund capital programme includes housing regeneration schemes, such as the Council's housing Private Finance Initiative (PFI) schemes. It also includes funding for disabled facilities and energy efficiency schemes. The programme is forecast to be £49.1m between 2020/21 and 2023/24 and the primary schemes within the programme are detailed below.

12.2 Funding remains set aside within the programme for commercial and residential acquisitions (£6.6m) which will support the existing Brunswick and Collyhurst schemes.

12.3 Major adaptations funding is expected to be available (£13.7m) to assist in works to make social rented properties suitable for disabled residents.

12.4 Further investment plans include support for the development of Extra Care accommodation within Manchester (£2.4m) and acquisitions to support the regeneration of the Moston Lane area (£7.5m).

12.5 Funding is available, through the government's Marginal Viability Fund, to support the delivery of new homes on the New Victoria (£10.0m) site by addressing infrastructure works.

Potential Future Investment

12.6 The Council recognises the ongoing priority to deliver safe, secure and affordable housing stock resulting in the decision to increase the delivery target from 5,000 Affordable Homes to a minimum of 6,400 Affordable Homes by March 2025. There is limited capacity from within the Council's Housing Revenue Account and the Council's Housing Affordability Fund to support new additional Affordable Homes in the city. Therefore, to deliver the significant numbers of new affordable homes needed in the city, our partnership relationships with Registered Housing Providers will be key along with a clear commitment to leveraging the Council's land and property assets to help underpin the delivery of new homes.

12.7 As noted above, the Council will play a key role in bringing forward investment across the City, but particularly in the Eastern and Northern Gateways which will include additional homes. To achieve this within the financial constraints that the Council faces, the roles of developers and the Council will need to be considered on a case by case basis.

12.8 The City will also work with colleagues in Greater Manchester to identify and access funding for energy conservation measures in private households.

12.9 Work will be undertaken to review potential capital requirements for the development of supported and semi-supported housing options to address the needs of homeless people and young people at risk of homelessness.

12.10 There is also a further proposal to consider the establishment of a Council-owned temporary accommodation unit for homeless families. The delivery of either option would reduce the net cost to the city through reduced revenue spend on bed-and-breakfast and hotel accommodation.

13 Housing – Housing Revenue Account (HRA)

13.1 The Housing – HRA capital programme consists of the investment in the Council's public sector housing estate, including acquisitions and capital works on existing Council housing assets. The programme is forecast to be £95.5m between 2020/21 and 2023/24 and the primary schemes within the programme are detailed below.

13.2 Provision is also made in the budget to reflect the delivery of new works in future years that will support the ongoing 30-year HRA asset management plan (£62.5m). The funds will be used to maintain the Decent Homes Standard within Manchester's housing stock and, in addition, will support innovative climate change investment; essential health and safety works including the installation of sprinklers in multi storey blocks; public realm environmental works; and, where appropriate, it will support estate regeneration and re-modelling.

13.3 The programme includes funding for the ongoing regeneration works in Collyhurst (£23.7m), including proposals for new social housing new builds and land assembly linked to the Northern Gateway.

13.4 The land assembly programme around Parkhill Avenue (£4.3m) will continue to facilitate the regeneration of the area.

Potential Future Investment

13.5 The Council will consider options for retrofit works to make its existing housing stock zero-carbon. This could also help to contribute to addressing fuel poverty. Alongside this, there will be a continued focus on increasing the level of affordable housing across the City, either through models of direct delivery or through working with registered providers and other partners.

13.6 As noted above, the role of the HRA in providing new affordable housing will continue to be reviewed to seek business models which are sustainable and can achieve benefits for the HRA. This is expected to include the development of housing at Silk Street.

14 Children's Services (Schools)

14.1 The Children's Services capital programme is predominantly focused on the building of new schools, to meet school place demand, and investment in the existing school estate. The programme is forecast to be £102.6m between 2020/21 and 2023/24 and the primary schemes within the programme are detailed below.

14.2 The programme to increase the Special Educational Needs capacity (£22.2m) across the city will continue, with works to be undertaken at Roundwood, North Hulme, Monsall Road and Camberwell Park.

14.3 The Council will receive no Basic Need grant in 2020/21. The existing unallocated grant is c. £65.9m, which is expected to be required for the creation of secondary school places.

14.4 A Government grant-funded schools maintenance programme (£6.6m), to help maintain the Council's school assets, is included within the budget. Officers expect this funding stream to continue, however the annual budgets will be revised once confirmation of the level of funding is received.

14.5 Works to develop the scale of sixth form provision for North Ridge secondary special school (£2.8m) funded from government grant will continue to progress.

Potential Future Investment

14.6 The statutory requirement to provide sufficient school places across primary and secondary education continues to be monitored along with approvals as part of the Government's Free School programme to ensure places are able to meet demand. A School Places plan for 2020 to 2025 will set out the priorities for how we meet the demand for increased school places to meet the needs of our growing population.

14.7 Recent capital investment in the Education Portfolio has focused on the Special Educational Needs and Disabilities and Alternative Provision places in the city. There is the potential for further investment in this area as part of the next phase of the Capital Strategy.

14.8 The benefits of undertaking a programme of condition surveys across the Education Estate in order to take holistic decisions regarding the maintenance of school buildings will also be reviewed.

14.9 The ambition to deliver carbon efficient schools and the lack of easily developable sites within Manchester will mean that it is increasingly difficult to do this within the levels of DfE funding and unit cost.

15 Information and Communication Technology (ICT)

15.1 The ICT capital programme provides investment to the Council's ICT estate. The programme is forecast to be £33.7m between 2020/21 and 2023/24 and the primary schemes within the programme are detailed below.

15.2 The ICT Investment Plan (£33.7m) will continue. The initial focus will be on the collaboration technology that the Council uses. Implementation of this project will unlock potential benefits for other investment, particularly on user devices.

15.3 Other projects will be brought forward as required, and as service needs become evident.

15.4 It is expected that some of this budget may need to be transferred to revenue, depending on the type of work required, and this decision can only be made when the appropriate ICT solution has been identified. Such transfers will be proposed on a case by case basis, and reported to members through the regular capital update reports.

Potential Future Investment

15.5 Activity will focus on the strengthening of core ICT systems, and in particular the delivery of the next phase of Council's collaboration platform. This will inform the subsequent future capital investment requirements which are likely to include the delivery of a device replacement strategy.

15.6 An updated ICT Strategy for the Council is being finalised for approval. This and the accompanying Technology Roadmap which will follow will provide the framework for future ICT investment decisions. The initial focus for the ICT investment plan will focus on collaboration, as this will underpin the corporate ICT approach - the subsequent ICT investment strategy will need to respond to the final collaboration approach, and therefore will be pursued once collaboration is substantially developed. This will include end user devices and telephony solutions. There is also a need to modernise and digitise many of the Council's core business processes which is being picked up through the Our Transformation work.

15.7 Whilst the main focus will be on collaboration, work will continue on supporting services across the Council in developing ICT solutions to their needs, and these will be brought forward on a case by case basis.

15.8 Of the remaining ICT Strategy funding, c. £1m has been earmarked to support the further development of Manchester's Smart City agenda. The Corporate Core revenue budget report contains separate proposals for increasing the Council's capacity in this area including developing the priorities for future investment, building on the City Council's innovation and smart city programmes to date including the City Verve and Triangulum projects.

16 Adults, Children's and Corporate Services

16.1 The Adults, Children's and Corporate Services capital programme provides investment for the health and social care work of the City Council, and strategic investments. The programme is forecast to be £32.2m between 2020/21 and 2023/24 and the primary schemes within the programme are detailed below.

16.2 To provide integrated health and community services it is proposed to invest in a new facility at the Gorton District Centre (£19.9m). This is on an invest to save basis with the income from the leases to partners providing the funding to repay the build costs.

16.3 Financial support for the development of the project with Health Innovation Manchester (£8.8m), to conduct research on life science sub-sectors of health and medical technologies, will continue.

16.4 There is c. £1.9m available to fund the purchase of equity in car parking facilities at the Airport, which will support the development of the Airport and should provide a return to the City Council.

Potential Future Investment

16.5 Children's Services are currently developing a future estates strategy for their assets, aligning this to service plans. It is likely that capital investment will be required to support the ongoing provision of services to meet current and future needs.

16.6 This capital requirement is likely to include the maintenance of previous Sure Start centres, with the arrangements with providers reconsidered to ensure the ongoing operation of the sites and potentially an income stream to cover maintenance costs.

16.7 Adult Social Care have identified a potential need for investment to allow market intervention to develop care facilities that will meet current and future health and social care needs as well as addressing areas of market failure to ensure continuity of service. This may be short-term in nature, but could be of vital importance to limit the impact of such market issues on residents. By its nature this may need to be actioned quickly and efficiently in order to be successful, so appropriate budgets and approval routes will need to be considered.

16.8 Investment may also be needed to build capacity, and in particular creating capacity for specific care needs to ensure that there is appropriate provision for vulnerable residents. This may require new build facilities, or the acquisition of existing buildings which can be tailored to care models. This is likely to be closely linked to collaboration work with partners, such as the Health Service.

16.9 As noted above, there may also be an opportunity to invest in primary/community care hubs, similar to that being developed in Gorton although perhaps smaller in scale, working closely with the Health Service.

16.10 The Corporate Core needs to retain the ability to provide market intervention or allocate loans to third parties as part of a wider approach to investment which supports the achievement of strategic aims for the city and our residents. These are interventions which support the Council as a whole, and will be progressed on the basis of the business case for each.

16.11 There will also be a need to look into investment options regarding energy sources for the Council as a whole in order to achieve the Council's carbon aims, and this is likely to require a corporate approach.

17 Projects carried out on behalf of Greater Manchester

17.1 The capital programme for projects carried out on behalf of Greater Manchester consists of schemes where Manchester is acting as the lead body but the expenditure relates to projects across the conurbation, and specifically the Housing Investment Fund. The programme is currently estimated to be £70.0m in 2019/20 based on existing budget approvals and the value of

investments now novated across to the Greater Manchester Combined Authority.

17.2 It is estimated that the loans being retained by the Council, due to the short term nature of them, will be repaid within the next 12 months.

18 Asset Management Planning

18.1 The current approved capital programme includes several asset management streams, for the current operational estate, housing, highways and schools.

18.2 The Executive Member Estates Board is responsible for the strategic direction and decision making for the operational estate, including estate asset management and estates transformation. These decisions support the activity contained within the Asset Management Programme which forms part of the Council's approved capital budget.

18.3 As noted above, all future capital investment will be reviewed to assess the impact on carbon reduction, and this will need to include the Council's corporate estate and housing stock.

18.4 The Council also holds significant assets on the basis of expected future regeneration projects. Work is undertaken to ensure that these assets are maintained until such time as the regeneration project can come to fruition. This may mean that the asset, such as land, could gain or lose value in the intervening period, but the overarching aim of the Council is to release the value in the asset once the regeneration has been completed, and such benefits may be wider than financial considerations.

19 Capital Financing

19.1 The Council has several funding streams available to fund capital expenditure. Alongside external grants and contributions that the Council may be eligible to receive, the Council can also use revenue funding, capital receipts and prudential borrowing.

19.2 Capital receipts are generated through the sale of assets. These receipts are ring-fenced, under legislation, to fund capital expenditure and cannot be used to fund the revenue budget.

Restrictions around funds

19.3 The capital financing strategy is set in the context of restrictions around certain capital funds, some statutory and some at the Council's discretion.

19.4 The Housing Revenue Account (HRA) is a restricted fund and can only be used to fund capital expenditure on HRA assets.

19.5 The Council also operates the following fund restrictions:

- Housing capital receipts (both Housing General Fund and Housing Revenue Account) are reserved for use on new Housing projects;

- General Fund capital receipts will be used in the first instance to support the Asset Management Programme.
- Grants received will be used for the specific purpose intended even if the terms of such grants are not restrictive, unless alternative use promotes the same aims.

Prudential Borrowing

19.6 The use of prudential borrowing allows the Council to spread the cost of funding the asset over its useful economic life. Using prudential borrowing as a funding source increases the Council's capital financing requirement (CFR), and will create revenue costs through interest costs and minimum revenue provision (MRP).

19.7 Where the Council has funded expenditure through borrowing it is required to make a minimum revenue provision towards the repayment of the debt. This ensures that the revenue cost of repaying the debt is spread over the life of the asset similar to depreciation. The Council's MRP policy is contained within the Treasury Management Strategy Statement.

19.8 The estimated financing costs for the capital programme and existing debt have been calculated as part of the budget process. It has been ensured that the proposed programme and the existing debt liabilities are affordable within the existing revenue budget.

19.9 In line with the Prudential Code requirements the Local Authority must have explicit regard to option appraisal and risk, asset management planning, strategic planning, and achievability of the forward plan.

19.10 It is important to recognise that there is a finite level of prudential borrowing that the Council could undertake, based on affordability within existing revenue budget constraints. This means that the Council has to work to develop schemes which attract external funding, or deliver a substantial return on investment. All proposed schemes are reviewed so that the revenue consequences are understood, including capital financing costs. The Prudential Indicators, included within the Treasury Management Strategy Statement, are intended to support decision making on debt.

19.11 Borrowing decisions are taken separately for the General Fund and HRA. Each must determine whether proposals requiring borrowing meet the requirements outlined above, although for the HRA it is depreciation rather than MRP which is incurred.

19.12 It is proposed that the City Council capital programme, excluding the projects carried out on behalf of Greater Manchester, for 2020/21 is funded as follows:

Fund	Housing Programmes		Other Programmes £m	**Total £m**
	HRA £m	Non-HRA £m		
Borrowing		1.3	199.1	**200.4**
Capital Receipts	0.5	5.0	23.3	**28.8**
Contributions		1.0	24.2	**25.2**
Grant	1.4	14.3	55.7	**71.4**
Revenue Contribution to Capital Outlay	36.9	1.0	14.7	**52.6**
Grand Total	**38.8**	**22.6**	**317.0**	**378.4**

19.13 As noted above the projects carried out on behalf of Greater Manchester will be funded via borrowing and capital receipts received as loans mature. This borrowing is provided by central Government and does not impact on the Council's capital financing budget.

19.14 Prudential borrowing of up to £578.8m over the period will be needed to support the City Council programme in line with the new schemes and previous planning and profile approval. The breakdown over 2020-2024 is:

- 2020/21 - £200.4m
- 2021/22 - £197.8m
- 2022/23 - £133.3m
- 2023/24 - £47.3m

a. The Housing HRA programme will not require prudential borrowing at this stage but it is likely that projects will be brought forward that will require HRA borrowing which will be reported to members.

b. The General Fund programme requires £578.8m of prudential borrowing which includes:

Scheme	**£m**
Highways Investment Plan	37.6
Bridge maintenance	6.8
Hyde Road (A57) Pinch Point Widening	2.1
Manchester Salford Inner Relief Road	0.1
Mancunian Way and Princess Parkway NPIF	1.4
Princess Rd Safety Review	0.4
School Crossing Patrols	2.7
A6 Stockport Road Pinch Point Scheme	0.7
Street Lighting PFI	3.7
Waste Contract	3.8
Blackley Cremator and Mercury Abatement	1.6
Hough End Master Plan	0.2
Parks Investment Programme	12.0
Indoor Leisure Provision at Abraham Moss	20.0
Manchester Regional Arena Track Replacement	0.7
Libraries investment	1.3
The Factory	20.6

Scheme	£m
Hammerstone Road	19.6
Carbon Reduction	8.3
Heron House	1.4
The Space Project	1.0
The Sharp Project	0.5
Civic Quarter Heat Network	13.5
Manchester College	5.0
Lincoln Square	1.2
Estates Transformation	6.9
Sustaining Key Initiatives	13.6
Eastern Gateway	0.8
Northern Gateway	18.8
Refurbishment of the Town Hall and Albert Square	275.8
West Gorton Regeneration	1.3
Ben Street Regeneration	0.9
ICT Investment Plan	33.7
Gorton integrated health development;	19.9
BioMedical Investment	8.8
Manchester Airport Car Park investment	1.9
Inflation Fund	30.0

19.15 A number of these schemes will be on an invest to save basis, and will generate savings. The remainder are affordable within the existing capital financing budget.

19.16 Further "spend to save" investment opportunities may arise and delegated authority is given to the Deputy Chief Executive and City Treasurer in consultation with the Executive Member for Finance and Human Resources to increase the capital budget accordingly. The delegation is restricted to an annual limit of £5,000,000. This is on the understanding that the costs of borrowing (interest and principal) of any additions are financed in full by additional income, revenue budget savings, or cost avoidance.

19.17 The proposed funding for the programme, including the inflation fund, across the forecast period is shown below:

	2019/20 budget £m	**2020/21 budget** £m	**2021/22 budget** £m	**2022/23 budget** £m	**2023/24 budget** £m	**Total £m**
Grant	46.5	71.4	41.6	43.4	0.0	**202.9**
External Contribution	24.9	25.2	4.6	0.0	0.0	**54.7**
Capital Receipts	18.7	28.8	13.8	3.2	8.0	**72.5**
Revenue Contribution to Capital Outlay	26.0	52.6	31.0	28.4	0.0	**138.0**
Borrowing	131.9	200.4	197.8	133.3	47.3	**710.7**
Total	**248.0**	**378.4**	**288.8**	**208.3**	**55.3**	**1,178.8**

19.18 The funding forecast shown above includes use of capital receipts already received and a forecast of future receipts based on officer's views on when surplus assets may be sold and the likely market valuations. These forecasts are subject to change which may affect the future funding position.

19.19 Work will continue to confirm the position for the capital programme from 2019/20 to 2023/24 and the final capital budget will be reported to Council in March. This will include the effect of any changes in the delivery of the current programme in 2019/20. It is expected that any changes will be a change to the profiling rather than a change to the estimated total funding requirement for the City Council.

20 Investments and Liabilities

20.1 The Council's capital programme and balance sheet contain investments made by the Council to support the achievement of strategic aims. A key part of the monitoring arrangements is reviewing these investments to ensure that they continue to perform as expected. With the increased national focus on council investment activities the Capital Strategy has been expanded to take a broader overview and to include relevant investments and liabilities.

Approach, Due Diligence and Risk Appetite

20.2 Council investments are managed in line with the Ministry of Homes, Communities and Local Government (MHCLG) investment guidance principles of security, liquidity and yield. The application of these principles will differ when considering capital investment rather than treasury management investment.

20.3 There is a clear distinction between capital investments, where the achievement of strategic aims will be considered and treasury management investments which are made for the purpose of cash flow management. The risk appetite for these two distinct types of investment may differ given the difference in expected outcomes.

20.4 The Council focuses its capital investments in line with its strategic objectives and priorities of the City and will take a more rounded view taking into account the economic and regeneration benefits to the city as well as security and liquidity. This may lead to a higher appetite for risk for the delivery of the City's priorities and broader economic gains. Each investment is considered on its own merit in line with the Checkpoint process and the risks, mitigations and benefits carefully assessed.

20.5 Schemes could include lending to organisations with low credit ratings if the appropriate security over the organisations assets can be provided, or guarantees from parent companies or organisations given. A key consideration for any capital investments is that income received from the investment covers the capital financing costs incurred by making it.

Summary of material investments, guarantees and liabilities

20.6 The Council has the current historic investments on the balance sheet as at 31 March 2019:

	Value as at 31/3/19 £m
Long-term Debtors	299.7
Long-term Investments	149.1
Investment Property	422.8
Total	**871.6**

20.7 The long-term debtors represent loan finance provided by the Council to other parties, and include the loans to Manchester Airport (£207.4m), Public Finance Initiative prepayments (£24.5m), and Manchester College (£17.7m). These loans are regularly reviewed, and would be impaired if there was a risk of default. Some of the loans are provided under guarantee from other organisations which will form part of the loan reviews.

20.8 The long-term investments are equity investments held by the Council, and include Manchester Airport (£112.4m), Destination Manchester (£10.2m) which is the Council's investment in Manchester Central, and Matrix Homes (£6.5m). Investments are valued on an annual basis.

20.9 Investment property is held by the Council on the basis that it will generate a revenue return, for example land at Manchester Airport and at Eastlands. Some of the properties held are being held for regeneration purposes but provide a return and therefore are shown as investment property. Investment properties are independently valued on an annual basis.

20.10 The current capital programme contains the following expected capital investments, which will create either long-term debtors, investments or investment properties, to be made:

- Waste Contract - providing a loan to the contractor to upgrade vehicles;
- Civic Quarter Heat Network - creation of a heat network through a Council-owned company;
- Private Sector Housing Equity Loans - loans to residents to provide housing support;
- Manchester Airport Car Parks - financial support to the Airport to develop the business;
- Manchester College Loan - loan to support the College's expansion;
- Band on the Wall Loan - loan to support the development of the venue;
- Manchester Jewish Museum Loan – loan to support the development of the museum;
- Biomedical Investment - loan to support the development of health innovation; and
- Housing Investment Fund – *note, as detailed above, that elements of this project will transfer to the Combined Authority in the near future, with some retained by the City Council.*

There may be other projects which become capital investments, such as strategic acquisitions or land acquisitions under the Eastern and Northern Gateways but which are intended to ultimately be used for regeneration purposes.

20.11 As stated above all investments are scrutinised via the capital approval process with independent advice sought to assess risk where required. They are also reported to Executive for approval where appropriate. To assess the risk the Council may seek independent external advice including on any legal issues.

20.12 Where investments provide a return either through interest or dividends this can be used to support the revenue budget. In 2019/20 it is forecast that c. £62.9m of dividends will be used within the revenue budget. Where investments have been funded by borrowing the income received is used to fund the capital financing costs, for example the Airport Strategic Loan.

20.13 All investments are monitored regularly with the frequency based on risk, and at a minimum all investments will be reviewed once a year. Any material changes to the status of any investment will be reported to the Deputy Chief Executive and City Treasurer at the earliest opportunity.

Commercial Investments

20.14 The Council does not make commercial investments, to the extent that it does not make investments purely to make a financial return. Where the Council has and does make capital investments, it is for strategic or regeneration purposes.

21 Treasury Management

21.1 The nature and scale of the Council's capital programme means that it is a key factor in the Council's treasury management, including the need to borrow to fund capital works. The treasury management strategy for the Council is the subject of a separate report on the agenda.

21.2 There is a clear link between capital investment activities and treasury management activities, particularly with regard to how the Council will repay debt and the impact on the revenue budget. The principles of this are described in more detail below.

Long Term Planning (inc. MRP)

21.3 The treasury management strategy provides the framework within which treasury management decisions will be made during the financial year, but the consequences of those decisions will be longer lasting. In particular with regard to debt planning, treasury management decisions are made with the impact on future treasury management decisions in mind.

21.4 Under the Prudential Code, the Council must make an annual revenue provision for the repayment of debt, called the minimum revenue provision (MRP). This provision spreads the cost of repaying the debt for an asset over the useful economic life of that asset. It is important to consider MRP when making capital investment decisions as it is a real cost and will impact the revenue position.

21.5 The Council has regard to MHCLG's guidance on the application of MRP, and applies the principles. The Council applies the following asset lives when calculating MRP, unless there are asset-specific reasons for deviating from them – such deviation will be guided by qualified valuers recommendations on maximum useful lives:

- Land: 50 years
- Property: 50 years
- Highways: 25 years
- ICT: 5 years

21.6 When making debt decisions the Council takes into consideration the forecast MRP in each future financial year, and in the current market environment will seek to match debt repayments to MRP in each of those years as this is the most prudent approach.

21.7 The current long term forecast for external debt compared to the Capital Financing Requirement, and therefore the level of forecast internal borrowing, is shown at appendix 4. The external debt peaks as the forecast capital programme period ends, although this will change as further projects are brought forward in the future. A table showing the forecast profile for the Capital Financing Requirement is shown below:

	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
	£'m					
Opening CFR	1,528.5	1,6710.6	1,842.3	2,006.5	2,103.5	2,113.5
Borrowing	131.9	200.4	197.8	133.3	47.3	0.0
Additional long term liabilities[1]	36.5	1.2	0.8	0.9	0.8	0.7
MRP	(26.3)	(29.9)	(34.4)	(37.2)	(38.1)	(42.7)
Closing CFR	**1,670.6**	**1,842.3**	**2,006.5**	**2,103.5**	**2,113.5**	**2,071.5**

21.8 Based on the revenue and capital budget forecasts, it is anticipated that the current level of internal borrowing (being the difference between the CFR and external debt) will begin to reduce. This is because both revenue and capital

[1] The additional long term liabilities are likely to increase following the introduction of International Financial Reporting Standard 16, due in April 2020. Work is underway to identify the impact of this, and it will be reported to members in due course, the estimate included in these figures is a c. £20m increase.

budgets assume the use of reserves, reducing the cash available to use instead of external borrowing.

21.9 The principles which the Council will follow when taking new debt, and how the debt portfolio will be managed, is set out in the Treasury Management Strategy Statement. This Treasury Management Strategy Statement also includes the authorised limit and operational boundary for external debt, based on the forecast debt requirement.

Risk appetite, key risks and sensitivities

21.10 For treasury management investments and debt the Council's risk appetite is extremely low with security of funds the primary concern. The Council seeks to invest surplus cash in instruments with high credit quality and for relatively short periods and to have debt options available at all times.

21.11 The role of the treasury management teams is to balance the risks associated with the management of cash, acknowledging that they cannot all be mitigated, and within that balance seek optimum performance in terms of liquidity and return.

21.12 The key sensitivities for the Council are changes in market conditions and the availability of debt. The team responsible for the treasury management function are in regular contact with brokers in the market and liaise regularly with the Council's treasury management advisors to review market conditions and debt opportunities to explore whether the Council could make use of them.

21.13 The Council's treasury management position and activities will be reported to Audit Committee throughout the financial year with any changes in market conditions or the Strategy highlighted to members.

22 Skills and Knowledge

22.1 The capital approval process and the requirements of the business case needed provides the framework for the knowledge needed to pursue a capital project. Information, advice and training on the requirements of the process is available for officers and Members. The Council has experience of delivering capital projects through the Capital Programme team and uses this experience to evaluate new proposals. All proposals are reviewed by the Senior Management Team, including the Deputy Chief Executive and City Treasurer.

22.2 Capital investments are reviewed under the same approval process and receive input from appropriately qualified and skilled Finance professionals**.**

22.3 Since January 2018 the Markets in Financial Instruments Directive II (MiFID II) regulations is in force. For the Council to continue to invest as before it is required to opt up to become a "Professional Status" counterparty. To achieve this status those with responsibility for the delivery of the treasury management function must be able to demonstrate that they have significant

skills and experience of working in a market environment, and the existing team fulfils this requirement. The Council currently holds “Professional Status” with the market investments it uses.

23 Conclusions

23.1 This capital strategy provides an overview of how capital expenditure, capital financing and treasury management activity support service delivery, and should be taken in context with the capital budget and the treasury management strategy statement.

23.2 The proposed capital programme described within the report is affordable within the existing revenue budget based on the estimated capital financing costs associated with delivering the programme.

23.3 There are risks associated with the delivery of the capital strategy, specifically regarding delays to the programme or treasury management risks. Measures are in place to mitigate these risks through both the Strategic Capital Board and the treasury management strategy. Reports will be provided throughout the year to Council, Executive and other relevant committees providing updates on the progress of the capital programme and the risks associated with its delivery and funding.

24 Contributing to a Zero-Carbon City

24.1 Under the governance process for capital expenditure decision making, zero and low carbon measures are a key component. Each project must set achievable carbon reducing targets before being approved.

24.2 For some projects, the aim of the investment will be to reduce the City’s carbon impact, for example the Civic Quarter Heat Network.

25 Contributing to the Our Manchester Strategy

(a) A thriving and sustainable city

25.1 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

25.2 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

25.3 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

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

(e) A connected city

25.5 Through investment in areas such as ICT and the City's infrastructure of road networks and other travel routes

26 Key Policies and Considerations

(a) Equal Opportunities

26.1 The proposals have been drawn up in awareness of Council policy on equality.

(b) Risk Management

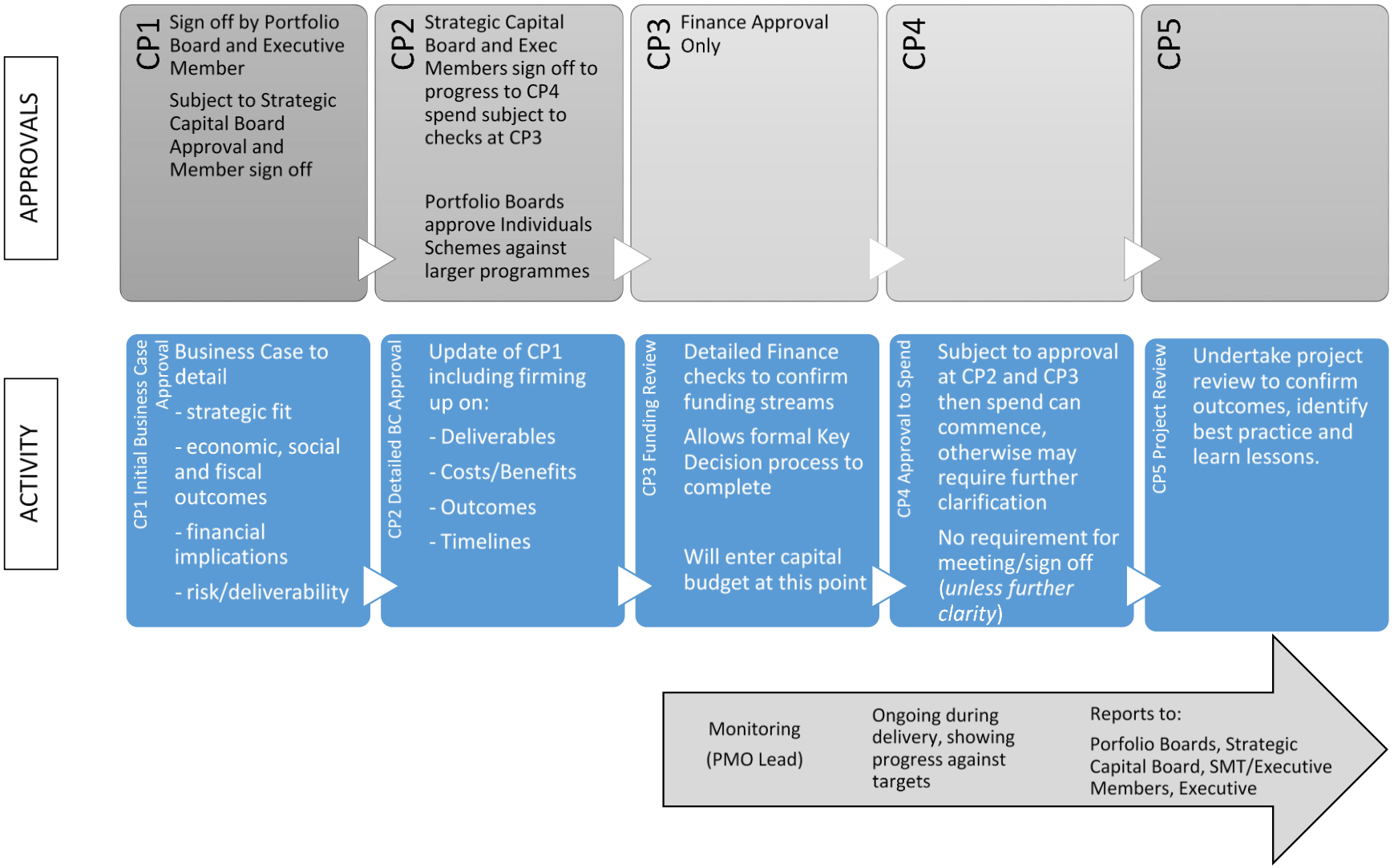
26.2 The capital programme is based on forecast costs and funding, and as such there are risks to achieving the programme from external factors such as shortage of labour or materials, alongside market risks such as price fluctuations and interest rate changes. The Strategic Capital Board, and associated 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

26.3 None in this report.

Capital Approval Process and Governance

Appendix 1



Appendix 2 – amendments to the capital budget introduced as part of this report

Adjustments to the Capital Budget February 2020 EXECUTIVE							
Dept	**Scheme**	**Funding**	**2019/20 £'000**	**2020/21 £'000**	**2021/22 £'000**	**Future £'000**	**Total £'000**
Council Approval Requests							
Public Sector Housing	Rushcroft and Pevensey Courts Ground Source Heat Pumps	HRA Reserves		2,518	137		2,655
Public Sector Housing	Northwards Housing Programme	HRA Reserves		- 2,518	- 137		- 2,655
Growth and Development	Hammerstone Road Depot	Borrowing			4,763	695	5,458
Growth and Development	Carbon Reduction Programme	Borrowing			- 926		- 926
Public Sector Housing	Buying Back Former Council Homes	Capital Receipts		500	500	500	1,500
Neighbourhoods	Central Library Refresh	Borrowing		194	763		957
Total Council Approval Requests			**0**	**694**	**5,100**	**1,195**	**6,989**
Executive Approval Requests							
Highway Services	Maintenance Challenge Fund	Government Grant	50	1,025			1,075
Highway Services	Deansgate Streets for All Development Costs	Borrowing	20	255			275
Highway Services	Highways Investment Programme	Borrowing	- 20	- 255			- 275
Highway Services	Auto Bollard Replacement and Improvement	Parking Resrve		608			608
Children's	Basic Need Unallocated	Government Grant			4,408		

Corporate Services	VCSE Small Premises Works	Capital Fund		500	500		
Total Executive Approval Requests			**50**	**2,133**	**4,908**	**0**	**7,091**
Total Budget Adjustment Approvals			**50**	**2,827**	**10,008**	**1,195**	**14,080**

Please note that the additional budgets for 2019/20 are not included in the Capital Monitoring report for quarter 3, as they are new approvals.

Appendix 3 – the proposed Capital Programme Budget

Project Name	2019/20 Proposed Budget	2020/21 Proposed Budget	2021/22 Proposed Budget	2022/23 Proposed Budget	2023/24 Proposed Budget
Highway Programme					
Highways Planned Maintenance Programme					
Planned Highways Maintenance Programme	400	75	0	0	0
Drainage	3,575	2,051	1,871	0	0
Large Patching repairs	2,884	1,311	1,311	0	0
Carriageway Resurfacing	6,485	3,697	3,563	0	0
Footway schemes	892	4,050	3,857	0	0
Carriageway Preventative	6,096	6,325	3,054	0	0
Bridge Maintenance	370	3,782	3,048	0	0
Other Improvement works	122	6,595	7,186	0	0
Highways Major Projects					
Hyde Road (A57) Pinch Point Widening	1,535	3,579	0	0	0
Manchester/Salford Inner Relief Road (MSIRR)	7,783	100	0	0	0
Great Ancoats Improvement Scheme	2,121	6,074	105	0	0
Mancunian Way and Princess Parkway NPIF	4,178	4,111	87	0	0
School Crossings	3,017	2,653	0	0	0
Cycle City Phase 2	1,475	2,843	0	0	0
Green Bridge at Airport City	2,055	839	71	0	0
A6 Stockport Road Pinch Point Scheme	183	730	8	0	0
Highways Stand Alone Projects Programme					
Velocity	54	0	0	0	0
Safe Routes to Loreto High School	212	0	0	0	0
20mph Zones (Phase 3)	70	86	0	0	0
Flood Risk Management - Hidden Watercourses	0	49	0	0	0
Flood Risk Management - Higher Blackley Flood Risk	0	41	0	0	0
Cycle Parking	15	0	0	0	0

Project Name	2019/20 Proposed Budget	2020/21 Proposed Budget	2021/22 Proposed Budget	2022/23 Proposed Budget	2023/24 Proposed Budget
Shadowmoss Rd / Mossnook Rd	12	0	0	0	0
Princess Rd Safety Review	47	439	0	0	0
Public Realm	1,056	1,974	400	0	0
Street Lighting PFI	9,000	3,657	0	0	0
Didsbury West S106	1	23	0	0	0
A56 Liverpool Road	83	0	0	0	0
A56 Chester Road	51	0	0	0	0
Sunbank Lane S278	40	0	0	0	0
Sharston Roundabout SCOOT	40	0	0	0	0
Derwent Avenue S106	6	8	0	0	0
Woodhouse Park	50	15	0	0	0
Christie Extension RPZ	40	306	9	0	0
Residents Parking schemes	133	545	0	0	0
Arena Security Measures	185	12	0	0	0
Ladybarn District Centre	223	20	0	0	0
Levenshulme Mini Holland Cycling and Walking scheme	151	606	0	0	0
CCTV Operating System Upgrade	150	283	0	0	0
Northern/Eastern GW Walking and Cycling scheme-devel costs	119	601	0	0	0
Chimebank S.106	34	0	0	0	0
Highways Maintenance Challenge Fund	50	1,025	0	0	0
SEMMMS PROGRAMME					
Local Roads (temp SEMMMS A6 Stockport)	255	0	0	0	0
SEMMMs A6 to Manchester Airport	50	0	0	0	0
Bus Priority Package Programme					
Bus Priority Package - Oxford Road	5	302	0	0	0
Bus Priority Package - Princess Street/Brook Street	140	13	0	0	0
Total Highways Programme	**55,443**	**58,820**	**24,570**	**0**	**0**

Project Name	2019/20 Proposed Budget	2020/21 Proposed Budget	2021/22 Proposed Budget	2022/23 Proposed Budget	2023/24 Proposed Budget
Environment Programme					
Waste Reduction Measures	250	1,209	0	0	0
Waste Contract	2,089	3,840	0	0	0
Smart Litter Bins	258	0	0	0	0
Leisure Services Programme					
Parks Programme					
Hollyhedge Park Drainage IMPS	2	0	0	0	0
Heaton Park Pay & Display	8	0	0	0	0
PIP - Park Events Infrastructure	289	0	0	0	0
Parks Development Programme	413	3,136	2,965	2,965	2,965
Heaton Park Bowls	48	0	0	0	0
Somme 100 Year Memorial	33	0	0	0	0
Painswick Park Improvement	30	0	0	0	0
Heaton Park Southern Play Area	370	0	0	0	0
Wythenshawe Park Sport Facilities S106	139	0	0	0	0
Northenden Riverside Park	75	0	0	0	0
King George V Park	81	0	0	0	0
Leisure & Sports Facilities					
Indoor Leisure - Abraham Moss	1,408	5,962	13,168	902	0
Indoor Leisure - Moss Side	93	0	0	0	0
Boggart Hole Clough - Visitors Centre	0	535	0	0	0
Mount Road S106	32	0	0	0	0
Velodrome Track	71	0	0	0	0
HSBC UK NCC Immediate Works	450	0	0	0	0
Active Lifestyle Centre Artificial Grass Pitch Replacement	198	0	0	0	0
Interactive Football Wall - Platt Fields Park	84	0	0	0	0
MAC - Booth St Car Park	148	0	0	0	0

Project Name	2019/20 Proposed Budget	2020/21 Proposed Budget	2021/22 Proposed Budget	2022/23 Proposed Budget	2023/24 Proposed Budget
Culture Website	42	0	0	0	0
Festive Lighting Strategy	138	0	0	0	0
Manchester Regional Arena Track Replacement	812	254	434	0	0
Cremator & Mercury Abatement Plant Replacement Strategy	0	1,007	544	0	0
Hough End Master Plan - Strat Football Hub Development Costs	52	189	0	0	0
Range Stadium Capital Project	465	0	0	0	0
Libraries and Info Services Programme					
Relocation of Manchester Visitor Info Centre (MVIC)	59	0	0	0	0
GM Archives Web Portal	48	80	0	0	0
Central Library Wolfson Award	32	0	0	0	0
Central Library Refresh	0	194	763	0	0
Roll Out of Central Library ICT	7	0	0	0	0
Newton Heath Library	17	0	0	0	0
Open Libraries	157	301	0	0	0
Contact Theatre loan	200	0	0	0	0
Total Neighbourhoods Programme	**8,598**	**16,707**	**17,874**	**3,867**	**2,965**
Cultural Programme					
First Street Cultural Facility	14	0	0	0	0
The Factory (Build)	29,860	53,959	13,277	0	0
The Factory (Public Realm)	210	1,723	457	0	0
Corporate Estates Programme					
Asset Management Programme	9,317	11,650	9,030	0	0
MAC feasibility works	933	0	0	0	0
Town Hall Complex Transformation Programme	67	0	0	0	0
Hammerstone Road Depot	163	9,333	9,524	695	0
Carbon Reduction Programme	697	6,388	1,959	0	0

Project Name	2019/20 Proposed Budget	2020/21 Proposed Budget	2021/22 Proposed Budget	2022/23 Proposed Budget	2023/24 Proposed Budget
Estates Transformation	0	0	800	0	0
Estates Transformation - Hulme District Office	702	0	0	0	0
Estates Transformation - Alexandra House	5,639	5,994	133	0	0
Ross Place Refurbishment	434	0	0	0	0
Proud Trust - Sidney Street	250	0	0	0	0
Development Programme					
Digital Assets Board (MCDA)					
The Space Project - Phase 2	0	987	0	0	0
The Sharp Project	60	540	0	0	0
Digital Asset Base - One Central Park	3,651	0	0	0	0
Strategic Acquisitions Board					
Strategic Acquisitions Programme	5,860	3,000	1,323	0	0
Sustaining Key Initiatives	0	0	5,000	8,600	0
Northern Gateway					
Northern Gateway	6,175	6,675	7,275	4,875	0
Eastern Gateway					
Eastern Gateway - Central Retail Park	400	729	0	0	0
Eastern Gateway - New Islington Marina	3,522	61	0	0	0
Hall and Rogers	57	0	0	0	0
City Centre					
ST Peters Square	999	0	0	0	0
Medieval Quarter Public Realm	76	1,587	0	0	0
City Labs 2	2,023	0	0	0	0
Manchester College	5,000	5,000	0	0	0
Digital Business Incubators	2,000	0	0	0	0
Lincoln Square	0	0	1,200	0	0
Other Strategic Development Initiatives					
Hulme Hall Rd Lighting	36	0	0	0	0

Project Name	2019/20 Proposed Budget	2020/21 Proposed Budget	2021/22 Proposed Budget	2022/23 Proposed Budget	2023/24 Proposed Budget
New Smithfield Market	0	469	0	0	0
Heron House & Registrars	3,085	1,388	0	0	0
Civic Quarter Heat Network	9,557	9,507	4,000	0	0
Total Growth & Development Programme	**90,787**	**118,990**	**53,978**	**14,170**	**0**
Town Hall Refurbishment Programme					
Our Town Hall refurbishment	17,051	49,132	92,739	99,321	34,652
Total Town Hall Refurbishment Programme	**17,051**	**49,132**	**92,739**	**99,321**	**34,652**
Private Sector Housing Programme					
Brunswick PFI					
Brunswick PFI Land Assembly	1,176	550	558	0	0
Collyhurst					
Collyhurst Regeneration	0	178	1,000	2,700	0
Collyhurst Environmentals	0	55	0	0	0
Collyhurst Land Assembly Ph1	4	29	0	0	0
Collyhurst Land Acquisitions Ph2	0	0	210	799	0
Eccleshall Street - 3 Sites	0	500	0	0	0
Housing Investment Model	0				
Site Investigation and Early Works HIF Pilot Sites	185	65	0	0	0
Miles Platting PFI					
Miles Platting PFI Land Assembly	6	550	0	0	0
Private Housing Assistance					
Disabled Facilities Grant	6,500	7,501	6,200	0	0
Toxteth St CPO & environmental works	15	141	0	0	0
Bell Crescent CPO	0	0	0	0	482

Project Name	2019/20 Proposed Budget	2020/21 Proposed Budget	2021/22 Proposed Budget	2022/23 Proposed Budget	2023/24 Proposed Budget
Redrow Development Programme					
Redrow Development Phase 2 onward	3	20	0	0	0
West Gorton					
West Gorton Compensation	0	4	0	0	0
West Gorton Ph 2A Demolition & Commercial Acquisitions	15	433	904	0	0
Private Sector Housing - Stand Alone Projects					
HCA Empty Homes Cluster Phase 2	386	415	891	0	0
Princess Rd	0	100	0	0	0
Empty Homes Scheme (s22 properties)	0	2,000	0	0	0
HMRF	100	40	54	0	0
Collyhurst Acquisition & Demolition (Overbrook & Needwood Close)	-3	0	664	0	0
Extra Care	0	1,245	1,200	0	0
Moston Lane Acquisitions	0	0	0	0	7,500
Equity Loans	0	397	0	0	0
West Gorton Community Park	1,026	805	0	0	0
Ben St. Regeneration	379	877	0	0	0
Marginal Viability Fund - New Victoria	505	6,705	3,290	0	0
Total Private Sector Housing Programme	**10,297**	**22,610**	**14,971**	**3,499**	**7,982**
Public Sector Housing					
Northwards - External Work					
Charlestown - Victoria Ave multistorey window replacement and ECW - Phase 1	3,740	8,209	3,574	0	0
External cyclical works phase 3a	2	0	0	0	0
Harpurhey Lathbury & 200 Estates external cyclical works ph 3b	0	-18	31	0	0
Environmental works	19	0	0	0	0

Project Name	2019/20 Proposed Budget	2020/21 Proposed Budget	2021/22 Proposed Budget	2022/23 Proposed Budget	2023/24 Proposed Budget
Harpurhey Shiredale Estate externals	0	0	15	0	0
Moston Miners Low Rise externals	0	0	18	0	0
Newton Heath Limeston Drive externals	0	0	6	0	0
External cyclical works ph 3b Moston Estates (Chauncy/Edith Cliff/Kenyon/Thorveton Sq)	0	0	2	0	0
External cyclical works ph 3b Ancoats Smithfields estate	156	25	0	0	0
External cyclical works ph 4b Charlestown Chain Bar low rise	0	0	45	0	0
External cyclical works ph 4b Charlestown Chain Bar Hillingdon Drive maisonettes	0	0	15	0	0
External cyclical works ph 4b Cheetham Appleford estate	0	0	2	0	0
External cyclical works ph 4b Crumpsall Blackley Village	0	0	34	0	0
External cyclical works ph 4b Higher Blackley South	6	0	1	0	0
External cyclical works ph 4b Newton Heath Assheton estate	0	0	27	0	0
External cyclical works Ph 4b Newton Heath Troydale Estate	0	0	89	0	0
External cyclical works Ph 5 New Moston (excl corrolites)	0	0	9	0	0
Environmental improvements Moston corrolites	75	21	0	0	0
ENW distribution network phase 4 (various)	222	5	0	0	0
Dam Head - Walk up flates communal door renewal	140	0	0	0	0
Various Estate based environmental works	65	100	135	0	0
Delivery Costs	816	918	440	0	0
Northwards - Internal Work					
Decent Homes mop ups ph 9 and decent homes work required to voids	1	0	89	0	0
One offs such as rewires, boilers, doors, insulation	3	0	30	0	0
Ancoats - Victoria Square lift replacement	427	0	0	0	0
Aldbourne Court/George Halstead Court/Duncan Edwards Court works	12	0	0	0	0
Boiler replacement programme	-5	-6	0	0	0

Project Name	2019/20 Proposed Budget	2020/21 Proposed Budget	2021/22 Proposed Budget	2022/23 Proposed Budget	2023/24 Proposed Budget
Harpurhey - Monsall Multis Internal Works	1,500	1,062	200	0	0
Newton Heath - Multies Internal Works	200	3,153	250	0	0
Higher Blackley - Liverton Court Internal Works	800	45	0	0	0
Various - Bradford/Clifford Lamb/Kingsbridge/Sandyhill Court Internal Works	2,598	132	0	0	0
Charlestown - Rushcroft/Pevensey Court Internal Works	700	711	150	0	0
Collyhurst - Mossbrook/Roach/Vauxhall/Humphries Court Internal Works	2,348	343	106	0	0
Decent Homes mop ups phase 10 and voids	378	384	0	0	0
One off work - rewires, boilers, doors	158	0	0	0	0
Fire precautions multi storey blocks	0	150	0	0	0
Installations of sprinkler systems - multi storey blocks	218	0	273	0	0
ERDF Heat Pumps	0	3,768	350	0	0
Charlestown - Rushcroft/Pevensey Courts Lift Refurb	0	0	525	0	0
One off type work (rewires/boilers/doors)	100	300	0	0	0
Fire Risk Assessments	300	3,046	2,500	0	0
Northwards - Harpurhey 200 Estate Internal Works	250	686	0	0	0
Rushcroft and Pevensey Courts Ground Source Heat Pumps	0	2,518	137	0	0
Delivery Costs	1,814	1,440	492	0	0
Northwards - Off Debits/Conversions					
Bringing Studio Apartments back in use	7	0	10	0	0
Various Locations - bringing bedsits back into use	0	0	104	0	0
Delivery Costs	2	0	13	0	0
Homeless Accommodation					
Improvements to Homeless accommodation city wide	1	0	36	0	0
Plymouth Grove Women's Direct Access Centre	0	0	28	0	0
Improvements to Homeless Accommodation Phase 2	345	662	147	0	0
Delivery Costs	46	73	23	0	0

Project Name	2019/20 Proposed Budget	2020/21 Proposed Budget	2021/22 Proposed Budget	2022/23 Proposed Budget	2023/24 Proposed Budget
Northwards - Adaptations					
Public Sector Northwards Adaptations	200	0	0	0	0
Adaptations	750	770	0	0	0
Northwards - Unallocated					
Northwards Housing Programme	0	2,120	0	21,982	0
Retained Housing Programme					
Collyhurst Maisonette Compensation & Demolitions	0	89	0	935	0
West Gorton Regeneration Programme					
West Gorton PH2A Low & High Rise Demolition	10	16	0	0	0
Future Years Housing Programme					
Collyhurst Estate Regeneration	0	0	0	1,541	0
Buy Back Properties - Right to Buy	155	0	0	0	0
Collyhurst Regen - Highways Phase 1	0	190	97	1,394	0
Collyhurst Regen - Churnett Street	0	0	0	790	0
Collyhurst Regen - Needwood & Overbrook acquisition / demolition	0	125	0	0	0
Willert Street Park Improvements	0	10	0	0	0
North Manchester New Builds	227	319	0	0	0
North Manchester New Builds 2	442	2,850	0	0	0
North Manchester New Builds 3	294	351	0	0	0
Parkhill Land Assembly	0	0	4,270	0	0
Collyhurst	100	3,655	13,890	955	0
Buying Back Former Council Homes	0	500	500	500	0
Total Public Sector Housing (HRA) Programme	**19,622**	**38,722**	**28,663**	**28,097**	**0**
Children's Services Programme					
Basic Need Programme					
Holy Trinity VC Primary	47	0	0	0	0

Project Name	2019/20 Proposed Budget	2020/21 Proposed Budget	2021/22 Proposed Budget	2022/23 Proposed Budget	2023/24 Proposed Budget
Lytham Rd	100	0	0	0	0
Plymouth Grove Refurbishment	107	0	0	0	0
Beaver Rd Primary Expansion	94	0	0	0	0
Lily Lane Primary	54	0	0	0	0
St. James Primary Academy	8	0	0	0	0
Crossacres Primary School	30	0	0	0	0
Ringway Primary School	5	0	0	0	0
Webster Primary Schools	11	0	0	0	0
Dean Trust Expansion	1,000	2,784	0	0	0
Brookside Rd Moston	362	4,920	1,745	28	0
North Hulme Adv Playground	278	3,400	683	11	0
Monsall Road (Burgess)	290	3,717	979	20	0
Roundwood Road	330	5,525	1,127	34	0
KS3/4 PRU Pioneer Street	70	0	0	0	0
SEND Expansions - Melland & Ashgate	866	0	0	0	0
Basic need - unallocated funds	200	488	22,115	43,286	0
Universal Infant Free School Meals (UIFSM) - Allocated	266	0	0	0	0
Universal Infant Free School Meals (UIFSM) - Unallocated	75	0	0	0	0
Schools Maintenance Programme					
Moston Lane - re-roof	19	0	0	0	0
Abbott Primary School Fencing	11	0	0	0	0
Crowcroft Park PS-Rewire	-2	0	0	0	0
Broad Oak Primary School Kitchen	85	730	0	0	0
All Saints Primary Rewire	419	0	0	0	0
Armitage Primary Windows	101	0	0	0	0
Bowker Vale Primary Heating	267	0	0	0	0
Buton Lane Primary Roof	183	0	0	0	0
Cheetwood Primary Heating	142	0	0	0	0

Project Name	2019/20 Proposed Budget	2020/21 Proposed Budget	2021/22 Proposed Budget	2022/23 Proposed Budget	2023/24 Proposed Budget
Crosslee Comm Heating	81	0	0	0	0
Crowcroft Park Roof Repairs	120	0	0	0	0
Grange School Sports Hall	163	0	0	0	0
Higher Openshaw Rewire	773	0	0	0	0
Lily Lane Primary Windows	7	46	0	0	0
Moston Fields Joinery	184	0	0	0	0
Ringway Primary Roof	175	0	0	0	0
Sandilands Primary Windows	106	0	0	0	0
St Mary's Junior Windows	34	0	0	0	0
Ringway Primary School	10	0	0	0	0
Alma Park Gas Improvement	1	0	0	0	0
Schools Capital Maintenance - unallocated	1,644	2,854	3,000	0	0
Education Standalone Projects					
Paintpots	3	6	0	0	0
Early Education for Two Year Olds - Unallocated	0	52	0	0	0
Gorton Youth Zone	1,275	0	0	0	0
Healthy Pupil Capital Funding	257	0	0	0	0
North Ridge SEN	283	2,747	9	0	0
Special Educational Needs grant	0	1,160	0	0	0
Seymour Road	1,200	0	0	0	0
Commercial Wharf/ISS Refurbishment of YJS Building	294	0	0	0	0
Ghyll Head	25	1,091	0	0	0
Acquisition of land at Hyde Road	13,144	13	12	0	0
Total Children's Services Programme	**25,197**	**29,533**	**29,670**	**43,379**	**0**
ICT Capital Programme					
ICT					

Project Name	2019/20 Proposed Budget	2020/21 Proposed Budget	2021/22 Proposed Budget	2022/23 Proposed Budget	2023/24 Proposed Budget
Solaris	2	0	0	0	0
ICT Infrastructure & Mobile Working Programme					
New Social Care System	1,699	0	0	0	0
End User Computing	117	0	0	0	0
Core Infrastructure Refresh	83	0	0	0	0
Internet Resilience	23	27	0	0	0
New Rent Collection System	33	0	0	0	0
Communications Room Replacement Phase 2	61	1,795	3,996	514	0
Data Centre Network Design and Implementation	2,867	250	0	0	0
End User Experience	699	3,425	0	0	0
Replacement Coroners System	83	0	0	0	0
Telephony	0	200	200	0	0
ICT Investment Plan	0	0	6,728	8,900	7,690
Infrastructure					
Wider Area Network Redesign	22	0	0	0	0
Total ICT Programme	**5,689**	**5,697**	**10,924**	**9,414**	**7,690**
Corporate Capital Programme					
ONE System Developments	11	0	0	0	0
Pay and Display Machines	750	174	0	0	0
Phase 1 Implementation - Locality Plan Programme Office	485	100	0	0	0
Integrated Working - Gorton Health Hub	1,970	17,171	2,272	481	0
Alcohol Treatment for Fibroscan Machine	40	0	0	0	0
BioMedical Investment	7,958	6,100	2,700	0	0
Band on the Wall	200	0	0	0	0
Manchester Jewish Museum Loan	0	290	0	0	0
Manchester Airport Car Park Investment	3,700	1,900	0	0	0

Project Name	2019/20 Proposed Budget	2020/21 Proposed Budget	2021/22 Proposed Budget	2022/23 Proposed Budget	2023/24 Proposed Budget
FC United	250	0	0	0	0
VCSE Small premises works	0	500	500	0	0
Total Corporate Capital Programme	**15,364**	**26,235**	**5,472**	**481**	**0**
Inflation Fund	0	12,000	10,000	6,000	2,000
Total Manchester City Council Capital Programme	**248,048**	**378,446**	**288,861**	**208,228**	**55,289**
Projects carried out on behalf of Greater Manchester					
Housing Investment Fund	70,000	0	0	0	0
Total GM projects	**70,000**	**0**	**0**	**0**	**0**
Total CAPITAL PROGRAMME	**318,048**	**378,446**	**288,861**	**208,228**	**55,289**

Appendix 4 – Capital Financing Requirement and Forecast External Debt

