

Manchester City Council Report for Resolution

Report to: Executive - 11 March 2020

Subject: Capital Programme Update

Report of: Deputy Chief Executive and City Treasurer

Summary

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

Recommendations

1. To recommend that the Council approve the following changes to Manchester City Council's capital programme:
 - a) Growth and Development – Piccadilly Gardens Phase 1. A capital budget virement of £1.811m is requested, funded by Sustaining Key Initiatives budget.
 - b) Growth and Development – HOME Arches Phase 1. A capital budget increase of £0.215m is requested, funded by Borrowing.
 - c) Neighbourhoods - Purchase of Electric RCV's. A capital budget increase of £9.4m is requested, funded by £5.7m Borrowing and £3.7m Invest to save.
 - d) Public Sector Housing - Northwards Housing 2020/21 Capital Programme. A capital virement of £10.406m is requested from Northwards Housing Unallocated, funded by HRA (RCCO).
 - e) Growth and Development – Carbon Reduction Programme Phase 2. A capital budget increase of £15m is requested, funded by Borrowing.
 - f) Growth and Development – Carbon Reduction Action Plan Delivery. A revenue budget increase of £1m is requested, funded by Capital Fund.
 - g) Growth and development – Greening of the City. A capital budget increase of £1m is requested, funded by Capital Fund.

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

- a) Highway Services – Levenshulme Active Neighbourhoods Early Works. A capital virement of £0.327m is requested from Highways Investment Programme, funded by Borrowing.
- b) Children’s Services – North Ridge High School – Special Capital Fund Additional Funding. A capital virement of £0.477m is requested from Special Educational Needs Grant Unallocated, funded by Government Grant.
- c) Public Sector Housing – Housing Delivery Model. A revenue budget increase of £0.100m is requested, funded by Housing Investment Fund.
3. To note update on Special Educational Needs and Disabilities (Education Basic Needs) project.

Wards Affected - Various

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

Our Manchester Strategy outcomes	Contribution to the strategy
A thriving and sustainable city: supporting a diverse and distinctive economy that creates jobs and opportunities	Contributions to various areas of the economy including investment in ICT services, Housing, and leisure facilities.
A highly skilled city: world class and home grown talent sustaining the city’s economic success	Investment provides opportunities for the construction industry to bid for schemes that could provide employment opportunities at least for the duration of contracts
A progressive and equitable city: making a positive contribution by unlocking the potential of our communities	Improvements to services delivered to communities and enhanced ICT services.
A liveable and low carbon city: a destination of choice to live, visit, work	Investment in cultural and leisure services and housing.
A connected city: world class infrastructure and connectivity to drive growth	Through investment in ICT and the City’s infrastructure of road networks and other travel routes.

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

- Equal Opportunities Policy
- Risk Management
- Legal Considerations

Financial Consequences – Revenue

The recommendations in this report, if approved, will increase Manchester City Council's revenue budget by £1.1m across financial years.

Financial Consequences – Capital

The recommendations in this report, if approved, will increase Manchester City Council's capital budget by £25.615m across the financial years as detailed in Appendix 1.

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Background documents (available for public inspection):

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

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

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

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

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

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

Report to the Executive 16th October 2019 – Capital Programme Update

Report to the Executive 13th November 2019 – Capital Programme Update

Report to the Executive 19th December 2019 – Capital Programme Update

Report to the Executive 15th January 2020 – Capital Programme Update

Report to the Executive 12th February 2020 - Capital Programme Monitoring 2019/20

1.0 Introduction

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

2.0 Background

- 2.1 In February each year, the Executive receives a report on the capital budget for the forthcoming five financial years and approves a series of recommendations to make to the City Council. The City Council's resolutions on these recommendations constitute the approval of the five-year capital programme for the City Council. Proposals for the capital budget were presented to the Executive on 13th February 2019.
- 2.2 The capital programme evolves throughout the financial year, and as new projects are developed they will be reviewed under the current governance framework and recommendations made regarding whether they should be pursued.
- 2.3 The following requests for a change to the programme have been received since the previous report to the Executive on 12th February 2020.
- 2.4 Please note that where requests are made in the report to switch funding from capital to revenue and to fund the revenue spend from the Capital Fund, this is a funding switch from within the capital programme and will not have a negative impact on the Fund itself.
- 2.5 For the changes requested below, the profile of the increase, decrease or virement is shown in Appendix 1 for each of the projects.

3.0 City Council's Proposals Requiring Specific Council Approval

- 3.1 The proposals which require Council approval are those which are funded by the use of reserves above a cumulative total of £2.0m, where the use of borrowing is required or a virement exceeds £0.5m. The following proposals require Council approval for changes to the capital programme.
- 3.2 Growth and Development – Piccadilly Gardens Phase 1. The project to redevelop the wider Piccadilly Gardens area forms a fundamental part of the City Centre Development Strategy as this is one of the primary gateways for visitors into Manchester. Redevelopment of this space into an area visitors and Manchester residents can enjoy passing through or using as a destination and meeting place is a core benefit of the redevelopment. This phase 1 request will enable the appointment of a Design and Build Contractor to deliver the redevelopment, surveys, design works and planning submission and also to bring forward short term improvements to enhance the experience of the space and reduce current levels of anti-social behaviour. Work will be carried out whilst in consultation with the property owners in the surrounding area to develop and fund the proposals. Initial work will address removal of the free standing wall which will improve sight lines which have been highlighted

as a contribution to antisocial behaviour in the Gardens area. A capital budget virement of £0.030m in 2019/20 and £1.781m in 2020/21 is requested, funded by Sustaining Key Initiatives budget.

- 3.3 Growth and Development – HOME Arches Phase 1. This request will deliver the feasibility and pre-development works up to RIBA stage 3 and planning. The Arches Project will transform three railway arches situated between HOME's building and Whitworth Street West into a talent development centre for artists of all ages, disciplines and stages of their careers. A capital budget increase of £0.215m in 2020/21 is requested, funded by Borrowing
- 3.4 Neighbourhoods - Purchase of Electric RCV's. To facilitate the purchase of 27 electric refuse collection vehicles and the associated charging infrastructure. These vehicles will replace the Euro 4 emission standard diesel RCVs that were transferred to Biffa at the inception of the contract in 2015 and are currently 11 years old and at the end of their useful life. The proposal would facilitate a significant reduction in carbon emissions relative to replacing the vehicles with new diesel RCVs. A grant per vehicle is currently available from the Office of Low Emission Vehicles (OLEV) which can be utilised based on current project timeline. A capital budget increase of £9.4m in 2020/21 is requested, funded by £5.7m Borrowing and £3.7m Invest to Save.
- 3.5 Public Sector Housing – Northwards Housing 2020/21 Capital Programme. The programme will deliver essential Health & Safety work, maintain decent homes and make energy efficiency savings / improvements. Included in the scheme will be internal and external works to properties, enabling completion of second room (kitchen or bathroom) for homes in the decent homes programme, rendering of properties, electrical works to retirement blocks, adaptations, and other remedial, replacement or responsive work. A capital virement of £2.214m is requested in 2020/21, £7.969m in 2021/22 and £0.223m in future years from Northwards Housing unallocated, funded by HRA (RCCO).
- 3.6 Growth and Development – Carbon Reduction Programme Phase 2. Reducing carbon emissions is included within the Capital Strategy as one of the key priorities for future capital spend. As the majority of the Council's carbon emissions are from its existing corporate estate and the Council has a responsibility to reduce emissions across the Northwards and partner managed housing stock, significant investment will be required to bring these buildings up to carbon efficient standards. Phase 2 will continue the retrofit of the Council's operational estate. A capital budget increase of £5m in 2021/22 and £10m in future years is requested, funded by Borrowing.
- 3.7 Growth and Development – Carbon Reduction Action Plan Delivery. Establishment of a dedicated team to deliver the commitments within the Carbon Reduction Plan. Work will include identifying and delivering large scale remote Renewable Energy projects which are essential to remain within the carbon budget, procuring a Solar PV partner, delivering a Zero Carbon whole building retrofit pilot, agreeing the Manchester Build Standards to be used going forward, developing an accelerated boiler replacement programme and

commission expert consultancy to validate existing views about the pathway to zero carbon heat. The team will also provide additional capacity to Housing and Neighbourhoods teams to support work outlined in the Action Plan. A revenue budget increase of £1m is requested, funded by capital fund.

- 3.8 Growth and Development – Greening of the City. To ensure that the city's infrastructure is resilient to climate change and that nature based solutions are used to combat issues such as flooding. Investment in planting of beacon trees, mature trees, street trees and hedgerows informed by the Tree Opportunity Mapping exercise. It will link tree planting opportunities with locations that would benefit from increased climate change resilience. A priority will be made to leverage external funding where available. A capital budget increase of £0.5m in 2020/21 and £0.5m in 2021/22 is requested, funded by Capital Fund.

4.0 Proposals Not Requiring Specific Council Approval

- 4.1 The proposals which do not require Council approval and only require Executive approval are those which are funded by the use of external resources, the use of capital receipts, the use of reserves below £2.0m or where the proposal can be funded from existing revenue budgets and where the use of borrowing on a spend to save basis is required. The following proposals require Executive approval for changes to the City Council's capital programme:
- 4.2 Highway Services – Levenshulme Active Neighbourhoods Early Works. This request is the first phase towards delivering the infrastructure of a filtered neighbourhood, building on the community's support. Ahead of the larger project (currently in development stage) this project will deliver improvements to lighting on established walking and cycling routes, a new crossing on A6 Stockport Road and modal features to help implement experimental traffic regulation orders to create an early filtered neighbourhood. A capital virement of £0.327m in 2020/21 is requested from Highways Investment Programme, funded by Borrowing.
- 4.3 Children's Services – North Ridge High School – Special Capital Fund Additional Funding. In 2018 approval was given to develop a standalone sixth form provision at the Abraham Moss Centre which will have its age range broadened to meet the needs of pupils aged 16-25. Once completed, the new centre will increase the School's capacity by 36 places. Additional funding is now required for works identified through local design requirements and assigned by Manchester City Council Planning that were not included in the original scope. These include, but are not limited to, increase in size, upgrading of cladding to fire-rated, concrete floors, car charging stations, BREEAM credits to target 'Very Good'. A capital virement of £0.477m is requested from Special Educational Needs Grant Unallocated, funded by Government Grant.

4.4 Public Sector Housing – Housing Delivery Model. This initial investment is to provide additional capacity to allow work to establish the viability of a Manchester bespoke scheme, identify indicative land and any title or grant issues, and develop a report leading to full approval of a model by summer 2020. A revenue budget increase of £0.100m is requested, funded by Housing Investment Fund.

5.0 Update on Special Educational Needs and Disabilities (Education Basic Needs) project

5.1 In May 2018, Executive approved the use of £20m Education Basic Need funding to increase capacity across the Special Educational Needs and Disabilities (SEND) and Alternative Provision (AP) estate. Following this an initial £2m of pre-development costs were approved in 2019.

5.2 The EBN SEND Programme includes three expansions to existing special schools which meet the needs of Manchester residents with an Education, Health and Care Plan. The Council has a statutory duty to ensure sufficient places for all pupils requiring a school place. All projects have been developed to RIBA stage 2 design and are currently progressing to stage 3. All planning applications are due to have been submitted by April 2020 and works are expected to commence on site from May 2020 onwards with completion of schemes in summer 2021. Total anticipated cost of works being brought forward will be £20.2m funded by government Education Basic Need grant.

5.3 Work will be carried out at two existing schools, providing an additional 130 places. An 80 place expansion of the existing Camberwell Park Specialist Support School on adjacent land to increase total capacity from 100 to 180 places. A 50 place expansion of the existing Castlefield Campus (Endeavour Federation) special school to increase total capacity from 88 to 138 places for children. The additional accommodation will be located adjacent to the existing school making use of the former North Hulme Adventure Playground site which has been closed for a number of years.

5.4 In addition, a new 120 place specialist provision Roundwood (Endeavour Federation) will be developed, located at the former Roundwood School site in Northenden. This new building will reprovide places currently located at Southern Cross (shared with Manchester Secondary Pupil Referral Unit (PRU) (MSPRU)), enable closure of the former Crossacres site and create additional capacity. By moving Southern Cross provision to Roundwood the scheme will also facilitate an increase in capacity for MSPRU and enable rationalisation of their estate.

6.0 Prudential Performance Indicators

6.1 If the recommendations in this report are approved the General Fund capital budget will increase by £25.615m, across financial years as detailed in Appendix 1.

6.2 This will also result in an increase in the prudential indicator for Capital

Expenditure in corresponding years. Monitoring of all prudential indicators is included within the Capital Monitoring Report.

- 6.3 There is an increase in the requirement for prudential borrowing, however, this has already been assumed within the City Council's revenue budget and therefore there is no impact on the City's Council Tax.

7.0 Contributing to a Zero-Carbon City

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

8.0 Contributing to the Our Manchester Strategy

(a) A thriving and sustainable city

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

(b) A highly skilled city

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

(c) A progressive and equitable city

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

(d) A liveable and low carbon city

- 8.4 Investment in cultural and leisure services and housing.

(e) A connected city

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

9.0 Key Policies and Considerations

(a) Equal Opportunities

- 9.1 None.

(b) Risk Management

- 9.2 Risk management forms a key part of the governance process for all capital

schemes. Risks will be managed on an ongoing and project-by-project basis, with wider programme risks also considered.

(c) Legal Considerations

9.3 None.

10.0 Conclusions

10.1 The Capital budget of the City Council will increase by £25.615m, if the recommendations in this report are approved.

11.0 Recommendations

11.1 The recommendations appear at the front of this report.

Appendix 1

Dept	Scheme	Funding	2019/20 £'000	2020/21 £'000	2021/22 £'000	Future £'000	Total £'000
Council Approval Requests							
Growth and Development	Piccadilly Gardens - Phase 1	Borrowing	30	1,781			1,811
Growth and Development	Sustaining Key Initiatives	Borrowing			-1,811		- 1,811
Growth and Development	HOME Arches Phase 1	Borrowing		215			215
Neighbourhoods	Purchase of Electric RCV's	Borrowing		5,700			5,700
Neighbourhoods	Purchase of Electric RCV's	Invest to Save		3,700			3,700
Public Sector Housing	Northwards 2020/21 Programme	HRA (RCCO)		2,214	7,969	223	10,406
Public Sector Housing	Northwards Unallocated funding	HRA (RCCO)		- 2,214	- 7,969	- 223	- 10,406
Growth and Development	Carbon Reduction Programme Phase 2	Borrowing			5,000	10,000	15,000
Growth and Development	Greening of the City	Capital Fund		500	500		1,000
Total Council Approval Requests			30	11,896	3,689	10,000	25,615
Executive Approval Requests							
Highways Services	Levenshulme Active Neighbourhood Early Works	Borrowing		327			327
Highways Services	Highways Investment Programme	Borrowing		- 327			- 327
Children's Services	North Ridge High School - Special Capital Fund	Government Grant		477			477
Children's Services	Special Educational Needs grant	Government Grant		- 477			- 477
Total Executive Approval Requests			0	0	0	0	0