

Manchester City Council Report for Resolution

Report to: Executive – 3 July 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 the Executive to recommend to the City Council proposals that require specific Council approval.

Recommendations

1. To recommend that the Executive approve, under the emergency provision of the Council Decisions on 25th March 2020 - “Constitutional Amendments and Other Matters for Council Business Continuity - Part 7”, the following changes to Manchester City Council’s capital programme:
 - (a) Children’s Services - Hyde Road Secondary School. A capital budget virement of £2m is requested, funded by Unallocated Education Basic Needs budget.
 - (b) Growth and Development – Acquisition of Land at Red Bank. A capital budget virement of £1.705m is requested, funded by Northern Gateway Budget
2. Under powers delegated to the Executive, to approve the following changes to the City Council’s capital programme:
 - (c) Highways Services – Chorlton to Manchester Scheme Development Costs. A capital budget increase of £1.432m is requested, funded by Mayor’s Challenge Fund.
 - (d) Highways Services – Manchester Cycleway. A capital budget increase of £0.593m is requested, funded by Mayor’s Challenge Fund.
 - (e) Highways Services – Northern Quarter Walking and Cycling Development Costs. A capital budget increase of £1.547m is requested, funded by Mayor’s Challenge Fund.
 - (f) Highways Services – Beswick Filtered Neighbourhood Development Costs. A capital budget increase of £0.554m is requested, funded by Mayor’s Challenge Fund.

- (g) Children’s Services – Our Lady’s RC High School Expansion. A capital budget virement of £0.160m is requested, funded by Unallocated Education Basic Needs budget.
- (h) Children’s Services – Manchester Communication Academy Expansion. A capital budget virement of £0.111m is requested, funded by Unallocated Education Basic Needs budget.
- (i) Growth and Development – Acquisition of Land at Red Bank. A capital budget increase of £0.600m is requested, funded by Government Grant (Housing Infrastructure Fund)

3. To note increases to the programme of £0.232m as a result of delegated approvals.

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 have no impact on Manchester City Council's revenue budget.

Financial Consequences – Capital

The recommendations in this report, if approved, will increase Manchester City Council's capital budget by £4.726m 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 12th February 2020 – Capital Strategy and Budget 2019/20 to 2023/24

Report to the Executive 11th March 2020 - Capital Programme Update

Report to the Executive 3rd June 2020 – Capital Programme Update

1.0 Introduction

- 1.1 This report outlines the requests for changes to the capital budget from 2020/21.

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 the City Council which then constitute the approval of the five-year capital programme. Proposals for the capital budget were presented to the Executive on 12th February 2020.
- 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 3rd June 2020.
- 2.4 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 Executive Approval under Emergency Provision

- 3.1 The proposals which require Executive approval, under the provision of the Council Decisions on 25th March 2020 - "Constitutional Amendments and Other Matters for Council Business Continuity - Part 7", 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 Executive approval, under the emergency provision, for changes to the capital programme.
- 3.2 Children's Services - Hyde Road Secondary School. Due to ongoing demand for secondary school places in east Manchester, this project is required to deliver a new 1200 place secondary school with associated grounds and infrastructure on the site of the Showcase Cinema on Hyde Road in readiness for September 2022 opening. This request is for total costs associated with reaching RIBA stage 4 design. A capital budget virement of £1m in 2020/21 and £1m in 2021/22 is requested, funded by Unallocated Education Basic Needs budget.

3.3 Growth and Development – Acquisition of land at Red Bank. The Acquisition of land on Red Bank, Cheetham will support delivery of the Housing Infrastructure Fund Programme (HIF) in the Northern Gateway. The Land is required to provide access and new road construction to unlock key sites as part of the initial phases of development, the larger project to be funded via the Council's HIF grant award which will be brought forward for approval at a later date. The overall acquisition cost is £2.305m with £0.600m funded from Government Grant (HIF). A capital budget virement of £1.705m in 2020/21 is requested, funded by Northern Gateway Budget.

4.0 Proposals Not Requiring Specific Council Approval

4.1 The proposals which do not require Council approval and only require Executive approval are those which are funded by the use of external resources, use of capital receipts, use of reserves below £2.0m, where the proposal can be funded from existing revenue budgets or where the use of borrowing on a spend to save basis is required. The following proposals require Executive approval for changes to the City Council's capital programme:

4.2 Highways Services - Chorlton to Manchester Scheme Development Costs. This project will create a 5km route that includes large sections of segregation for people travelling on foot and by bike and traffic from Chorlton Park to Manchester. The 5km route will run along Barlow Moor Road, Manchester Road, Upper Chorlton Road and Chorlton Road, linking with existing routes and continuing to the city centre. A capital budget increase of £0.339m in 2020/21 and £1.093m in 2021/22 is requested, funded by the Mayor's Challenge Fund.

4.3 Highways Services - Manchester Cycleway. The Fallowfield Loop is already one of Greater Manchester's busiest off-road cycle routes. It provides important local connections between the communities of south Manchester, and onwards to strategic destinations such as Salford Quays/Media City. This project will improve the existing street lighting and lead to individuals feeling safer whilst using the path, this will encourage more people to use the route for both walking and cycling. A capital budget increase of £0.415 in 2020/21 and £0.178m in 2021/22m is requested, funded by the Mayor's Challenge Fund.

4.4 Highways Services - Northern Quarter Walking and Cycling Development Costs. The Northern Quarter Walking & Cycling scheme was identified by TfGM as an important route around the City Centre for both cyclists and general traffic. The route will create an east-west cycle route to Piccadilly Station via the Northern Quarter to Victoria Station. Proposals are being developed that would make Manchester's Northern Quarter streets even more dynamic and pleasant to use. They would be safer, greener and better for everyone, especially for those on foot and by bike, as well as other transport users. A capital budget increase of £0.810m in 2020/21 and £0.737m in 2021/22 is requested, funded by the Mayor's Challenge Fund.

- 4.5 Highways Services – Beswick Filtered Neighbourhood Development Costs. Development of the scheme to progress designs to create an active network linked to the wider Bee Network. The larger project will create a sense of ownership and place for residents by giving residents and the community walking, cycling and traffic calming interventions that are a direct response to their needs, and discourage traffic ‘rat run’ through the neighbourhood by motorists who drive through Beswick on their way to the city. A capital budget increase of £0.554m in 2020/21 is requested, funded by the Mayor’s Challenge Fund.
- 4.5a Children’s Services - Our Lady’s RC High School Expansion. To support the demand for Secondary school places the school will be admitting an additional year 7 class in September 2020. Works and investment have been identified by the school leadership team to accommodate the increase in entry numbers. A capital budget virement of £0.160m in 2020/21 is requested, funded by Unallocated Education Basic Needs budget.
- 4.6 Children’s Services – Manchester Communication Academy Expansion. To support the demand for Secondary school places the school will be admitting an additional year 7 class in September 2020. Works and investment have been identified by the Trust leadership team to accommodate the increase in entry numbers. A capital budget virement of £0.111m in 2020/21 is requested, funded by Unallocated Education Basic Needs budget.
- 4.7 Growth and Development – Acquisition of Land at Red Bank. Scheme as detailed in paragraph 3.4. The acquisition will support a future programme of investment through funding awarded to Manchester City Council from the Housing Infrastructure Fund (HIF), of which this funding is part. The wider grant funded scheme will be coming forward for approval at a later date. A capital budget increase of £0.600m in 2020/21 is requested, funded by Government Grant (Housing Investment Fund).

5.0 Delegated budget Approvals

- 5.1 There have been increases to the programme totalling £0.232m as a result of delegated approvals since the previous report to the Executive on 3rd June 2020. These are detailed at Appendix 2.

6.0 Prudential Performance Indicators

- 6.1 If the recommendations in this report are approved the General Fund capital budget will increase by £4.726m, 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 during the year.
- 6.3 There is no increase in the requirement for prudential borrowing, 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 £4.726m, if the recommendations in this report are approved.

11.0 Recommendations

11.1 The recommendations appear at the front of this report

Appendix 1
Requests for Adjustments to the Capital Budget Provision

Dept	Scheme	Funding	2020/21 £000	2021/22 £000	2022/23 £000	Future £000	Total £000
Council Approval Requests							
Children's Services	Hyde Road Secondary School	Government Grant	1,000	1,000			2,000
Children's Services	Unallocated Basic Need Grant Funding	Government Grant	-1,000	-1,000			-2,000
Growth and Development	Acquisition of Land at Red Bank	Borrowing	1,705				1,705
Growth and Development	Northern Gateway	Borrowing	-1,705				-1,705
Total Council Approval Requests			0	0	0	0	0
Executive Approval Requests							
Highways Services	Chorlton to Manchester Scheme	External Contribution	339	1,093			1,432
Highways Services	Manchester Cycleway	External Contribution	415	178			593
Highways Services	Northern Quarter Walking and Cycling	External Contribution	810	737			1,547
Highways Services	Beswick Filtered Neighbourhood Development Costs	External Contribution	554				554
Children's Services	Our Lady's RC High School Expansion	Government Grant	160				160

Dept	Scheme	Funding	2020/21 £000	2021/22 £000	2022/23 £000	Future £000	Total £000
Children's Services	Unallocated Basic Need Grant Funding	Government Grant	-160				-160
Children's Services	Manchester Communication Academy Expansion	Government Grant	111				111
Children's Services	Unallocated Basic Need Grant Funding	Government Grant	-111				-111
Growth and Development	Acquisition of Land at Red Bank	Government Grant	600				600
Total Executive Approval Requests			2,718	2,008	0	0	4,726

Appendix 2

Approvals under authority delegated to the City Treasurer

Dept	Scheme	Funding	2020/21 £000	2021/22 £000	2022/23 £000	Future £000	Total £000
Neighbourhoods	Non-Turf Wickets - Parks & Playing Fields	External Contribution	232				232
Total Delegated Approval Requests			232	0	0	0	232