

Manchester City Council Report for Resolution

Report to: Executive – 29 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 – EBN Special Educational Needs and Disability (SEND) Programme Additional Costs. A capital budget virement of £0.923m is requested, funded by unallocated Education Basic Needs Grant.
 - (b) Neighbourhoods – Indoor Leisure – Abraham Moss. A capital budget virement of £2.7m is requested from the Inflation budget, funded by borrowing.
 - (c) Neighbourhoods – Electric RCV Infrastructure – Additional costs. A capital budget increase of £0.150m is requested, funded by Borrowing.
 - (d) Growth and Development – House of Sport. A capital budget increase of £8.420m is requested, funded by borrowing on an invest to save basis.
2. Under powers delegated to the Executive, to approve the following changes to the City Council's capital programme:
 - (e) Highways Services – Chorlton to Manchester Scheme. A budget increase of £8.449m is requested, funded by Mayor's Challenge Fund.
 - (f) Highways Services – Northern Quarter Walking and Cycling. A budget increase of £8.183m is requested, funded by Mayor's Challenge Fund.
 - (g) Children's Services – St Peters RC High School Expansion. A capital budget virement of £0.383m is requested, funded by Unallocated Education Basic Needs budget.

(h) Neighbourhoods – Gateley Brook Pre-Development Fees. A capital budget virement of £0.116m is requested, funded by Parks Development Programme budget.

(i) Neighbourhoods – Angel Meadow. A capital budget increase of £0.150m is requested, funded by S106 External Contribution, and a capital budget virement of £0.042m is requested, funded by Parks Development Programme budget.

(j) Adult Services - Technology Enabled Care (TEC) Digital Platform. A capital budget virement of £0.157m is requested, funded by ICT Investment budget.

3. To note increases to the programme of £0.352m 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 £25.352m across the financial years as detailed in Appendix 1.

Contact Officers:

Name: Carol Culley
Position: Deputy Chief Executive and City Treasurer
Telephone: 0161 234 3406
E-mail: c.culley@manchester.gov.uk

Name: Tim Seagrave
Position: Group Finance Lead – Capital and Treasury Management
Telephone: 0161 234 3445
E-mail: t.seagrave@manchester.gov.uk

Name: Kirsty Cooper
Position: Principal Finance Manager – Capital
Telephone: 0161 234 3456
E-mail: k.cooper@manchester.gov.uk

Background documents (available for public inspection):

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

Report to the Executive 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

Report to the Executive 3rd July 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 July 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 – EBN Special Educational Needs and Disability (SEND) Additional Costs. In May 2018, Executive approved the use of £20m Education Basic Need funding to increase capacity across the SEND and Alternative Provision (AP) estate, with final funding approved in March 2020. Since this approval design and planning works have continued but in light of the current COVID-19 pandemic the basis of the project costings have been updated and are now in excess of the allocated funds. This is due to inflationary pressures, social distancing measures and revised working practices meaning the programme durations have been extended by a total of between 5 and 6

weeks on each project. A capital budget virement of £0.923m is requested in 2021/22, funded by unallocated Education Basic Needs Grant.

- 3.3 Neighbourhoods – Indoor Leisure – Abraham Moss. Due to the current COVID-19 pandemic the project has been delayed resulting in an impact to project costs including inflation, remobilisation and hire fees for the temporary facilities on site. Further impacts are anticipated as the scheme progresses including a preliminary cost due to changes in working practices and availability of sub-contractors and supply chain. Due to the complexity of the scheme and the current delay costs and risks, inflation costs are anticipated at 6%. A capital budget virement of £2.7m is requested in 2022/23 from the Inflation budget, funded by borrowing.
- 3.4 Neighbourhoods – Electric RCV Infrastructure – Additional costs. The Electric RCV capital project to purchase 27 electric vehicles to replace diesel vehicles included funding to support the electric charging infrastructure, a fundamental requirement to charge the vehicles at Hammerstone Road Depot and Longley Lane Depot. The original scheme underestimated the enabling works required to install the charging infrastructure, additional charges are required to support anticipated growth in the next 3 years and the requirements of Grounds Services. A capital budget increase of £0.150m in 2020/21 is requested, funded by Borrowing.
- 3.5 Growth and Development – House of Sport. The proposal is to refurbish an area of the existing National Squash Centre to provide office and meeting facilities for existing occupiers as well as enabling the Council to attract new organisations to Manchester. Through the co-location with sports organisations, it will help the Council and Manchester Active's community participation and health agendas in line with the Our Manchester Strategy. A budget increase of £0.432m in 2020/21 and £7.988m in 2021/22 is requested, funded by borrowing on an invest to save basis.

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. The project will carry out construction works creating 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 route will run along Barlow Moor Road, Manchester Road, Upper Chorlton Road and Chorlton Road, linking with existing routes and continuing to the city. A capital budget increase of £0.941m in 2020/21, £6.403m in 2021/22 and £1.105m in 2022/23 is requested, funded by the Mayor's Challenge Fund.

- 4.3 Highways Services - Northern Quarter Walking and Cycling. 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. This scheme will carry out construction works that will make Manchester's Northern Quarter streets even more dynamic and 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 £2.310m in 2020/21 and £5.873m in 2021/22 is requested, funded by the Mayor's Challenge Fund.
- 4.4 Children's Services – St Peters RC High School. To deliver a programme of works which will make available an additional 20 place year 7 class at the school in readiness for September 2020. A capital budget virement of £0.383m in 2020/21 is requested, funded by unallocated Education Basic Needs grant.
- 4.5 Neighbourhoods – Gateley Brook Pre-Development Fees. The purpose of this proposal is to develop the design and cost plan which will enable a future repair of a large breach in the embankment of Gatley Brook in Didsbury. A capital budget virement of £0.116m is requested, funded by Parks Development Programme budget.
- 4.6 Neighbourhoods – Angel Meadow. This project is to improve the quality of Angel Meadow with improved standards of planting and landscaping. Enhancement of the existing park is required to match the high quality development in the adjacent neighbourhood. A capital budget increase of £0.150m in 2020/21 is requested, funded by S106 External Contribution and a capital budget virement is requested of £0.042m in 2020/21, funded by Parks Development Programme budget.
- 4.7 Adult Services - Technology Enabled Care (TEC) Digital Platform. This proposal requests that a feasibility study be undertaken to explore how a digital platform will support the wider TEC programme. A capital budget virement of £0.157m in 2020/21 is requested, funded by ICT Investment budget.

5.0 Delegated budget Approvals

- 5.1 There have been increases to the programme totalling £0.352m as a result of delegated approvals since the previous report to the Executive on 3rd July 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 £25.352m, 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 £25.352m, 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	EBN SEND Additional Costs	Government Grant		923			923
Children's Services	Unallocated Education Basic Needs Grant	Government Grant		- 923			- 923
Neighbourhoods	Indoor Leisure - Abraham Moss	Borrowing			2,700		2,700
Corporate Services	Inflation	Borrowing			- 2,700		- 2,700
Neighbourhoods	Electric RCV Infrastructure - Additional Costs	Borrowing	150				150
Growth and Development	House of Sport	Invest to Save	432	7,988			8,420
Total Council Approval Requests			582	7,988	0	0	8,570
Executive Approval Requests							
Highways Services	Chorlton to Manchester Scheme	External Contribution	941	6,403	1,105		8,449
Highways Services	Northern Quarter Walking and Cycling	External Contribution	2,310	5,873			8,183
Children's Services	St Peters RC High School	Government Grant	383				383
Children's Services	Unallocated Basic Need Grant Funding	Government Grant	- 383				- 383
Neighbourhoods	Gately Brook Pre-Development Fees	Borrowing	116				116
Neighbourhoods	Parks Development Programme	Borrowing	-116				-116
Neighbourhoods	Angel Meadow	Borrowing	42				42
Neighbourhoods	Parks Development Programme	Borrowing	-42				-42

Dept	Scheme	Funding	2020/21 £000	2021/22 £000	2022/23 £000	Future £000	Total £000
Neighbourhoods	Angel Meadow	External Contribution	150				150
Adults Services	TEC Platform - Feasibility	Borrowing	157				157
ICT	ICT Investment Budget	Borrowing	-157				-157
Total Executive Approval Requests			3,401	12,276	1,105	0	16,782
Total Budget Adjustment Approvals			3,983	20,264	1,105	0	25,352

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
Private Sector Housing	Ancoats Dispensary Survey Work	External Contribution	352				352
Total Delegated Approval Requests			352	0	0	0	352