

Manchester City Council Report for Resolution

Report to: Executive – 17 October 2018

Subject: Capital Programme Update

Report of: 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

To recommend that the Council approve the following changes to Manchester City Council's capital programme:

1. Strategic Development – Alexandra House. A capital budget allocation and transfer of £12.0m, £0.885m in 2018/19, £4.790m in 2019/20, £4.0m in 2020/21 and £2.325m in future years, to be met from £10.0m from the Estates Transformation budget funded by borrowing and £2.0m from the Asset Management Programme budget funded by capital receipts.
2. Neighbourhoods – Christmas Market Electrical Equipment. A capital budget increase of £0.137m in 2018/19, funded by borrowing.
3. Strategic Development – Car Hire, Etihad. A capital budget allocation and transfer of £0.960m in 2018/19, from the Strategic Acquisition budget, funded by Capital Fund.
4. Highways – Highways Asset Surveys. A virement from the capital budget to revenue of £1.5m, £1.2m in 2019/20, £0.15m in 2020/21 and £0.15m in 2021/22, funded via Capital Fund.

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

1. Strategic Development – West Gorton Park. An increase in the capital budget of £0.514m in 2018/19 and £1.336m in 2018/19, funded by grant of £1.1m and capital receipts of £0.750m.
2. ICT – Care Leavers Phase 1. A capital budget allocation and transfer of £0.091m in 2018/19, from the ICT Investment Plan budget, funded by borrowing.

3. ICT – ONE System Developments. A capital budget allocation and transfer of £0.048m in 2018/19, from the Children and Families ICT Projects budget, funded by borrowing.

Executive are also recommended to note the increases to the Programme of £0.423m as a result of delegated approvals.

Wards Affected: Various

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	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 in ICT services.
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 public buildings
A connected city: world class infrastructure and connectivity to drive growth	Investment in the enhanced provision of ICT services.

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 the revenue budget by £1.5m, funded from a corresponding decrease in the capital budget.

Financial Consequences – Capital

The recommendations in this report, if approved, will increase Manchester City Council's capital budget by £0.660m, 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 7th February 2018 – Capital Strategy and Budget 2018/19 - 2022/23)

Report to the Executive 7th March 2018 – Capital Programme – Proposed Increases

Report to the Executive 21st March 2018 – Capital Programme – Proposed Increases

Report to the Executive 30th May 2018 – Capital Programme Monitoring 2017/18 Outturn

Report to the Executive 30th May 2018 – Capital Programme – Proposed Increases

Report to the Executive 27th June 2018 – Capital Programme Update

Report to the Executive 11th July 2018 – Capital Programme Update

Report to the Executive 25th July 2018 – Capital Programme Update

Report to the Executive 12th September 2018 – Capital Programme Update

1 Introduction

- 1.1 This report outlines the requests for increases and decreases to the five-year capital budget 2018/19 to 2022/23.

2 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 2018/19 to 2022/23 capital budget were presented to the Executive on 7th February 2018, including a revised 2017/18 budget.
- 2.2 The following requests for a change to the programme has been received since the previous report to the Executive on 12 September 2018.
- 2.3 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.
- 2.4 For the changes requested below, the profile of the increase, decrease or virement is shown in appendix 1 for each of the projects.

3 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 or where the use of borrowing is required. The following proposals require Council approval for changes to the capital programme
- 3.2 Strategic Development – Alexandra House. The refurbishment of the City Council office building Alexandra House and its underground car park is part of the Estates Transformation Phase 2 programme. The refurbishment will replace mechanical and electrical plant, including the provision of a new combined heat and power (CHP) unit. A full social value commitment from the contractor will be provided nearer to the commencement of the project. The project is also featured within the City Council's carbon reduction programme with measures to be considered including solar panels, LED lighting, external insulation and window upgrades. A capital budget allocation and transfer of £10.0m from the Estates Transformation budget, funded by borrowing and a transfer of £2.0m from Asset Management Programme is requested, funded by capital receipts.
- 3.3 Neighbourhoods – Christmas Market Electrical Equipment. To fund the purchase of the required electrical equipment in order to safely supply power to the Christmas Markets 2018 and in future years. Recent changes to Electrical Installation Regulations (BS7671) have seen changes to the

requirements on the supply to power the markets. A capital budget increase of £0.137m is requested, funded by borrowing on a spend to save basis.

- 3.4 Strategic Development – Car Hire, Etihad Campus. The project relates to the acquisition of a strategically significant parcel of land located within the newly adopted Sports and Innovation Zone of the Etihad Campus. The University presence at the Etihad Campus will underpin the development of a globally significant sports, leisure and recreation economic cluster attracting new industry partners to the city and driving forward new business start-ups. The diversity of resource requirements of this proposal will provide opportunity for local residents including educational opportunities. A capital budget allocation and transfer of £0.960m from the Strategic Acquisitions budget is requested, funded from the capital fund.
- 3.5 Highways – Highways Asset Surveys. The programme is for carrying out various highway asset surveys, including condition and customer satisfaction to determine priorities for planned maintenance and compliance with the ‘well managed highways’ code of practice. A capital budget decrease of £1.5m is requested and approval of a corresponding transfer of £1.5m to the revenue budget, funded by capital fund.

4 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 Strategic Development – West Gorton Community Park. The Grow Green West Gorton Project has been developed to deliver the public realm elements of the final phase of the West Gorton Regeneration Programme. New and improved user-friendly, high quality green space will produce climate resilience, environmental, social, and health and well-being outcomes and benefits. A capital budget increase of £1.6m is requested, funded by capital receipts of £0.5m and European grant of £1.1m which will be subject to exchange rate fluctuations during drawdown.
- 4.3 ICT – Care Leavers Phase 1. The new Care Leavers service requires an extension of the network and purchase and deployment of laptops, mobile phones and printers to staff. One of the service’s primary functions is to reduce the incidence of worklessness amongst care leavers, develop new opportunities for apprenticeships, work experience and education and employment. A capital budget allocation and transfer of £0.091m from the ICT Investment Plan budget is requested, funded by borrowing.
- 4.4 ICT – ONE System Developments. This proposal requests enhancements to the Education (ONE) system. The Early Years Portal will enable a digital

solution to collect assessment information from child care providers and the upload of Health related data, enabling the effective sharing of information to assess impact of service delivery. This initiative supports both “improvements in key health outcomes” and “improvement in key education outcomes” since the proposed developments will help track child attainment and enable the City Council to understand what services might be provided to help them achieve potential. A capital budget allocation and transfer of £0.048m from the Children and Families ICT Projects budget is requested, funded by borrowing.

5 Approvals under authority delegated to the City Treasurer

5.1 Under powers delegated to the City Treasurer in consultation with the Executive Member for Finance and Human Resources, the following schemes have been approved;

- Children’s - The Healthy Pupil Capital Funding Grant has been received from Education and Skills Funding Agency. This grant is to improve children’s and young people’s physical and mental health by improving and increasing availability to facilities for physical activity, healthy eating, mental health and wellbeing and medical conditions. A capital budget increase of £0.263m is requested, funded by grant.
- Highways – M56. As part of this UK wide package of improvements, Highways England approached Manchester City Council Highway Authority about improving pedestrian and cyclist safety, access and integration at the M56 Junction 3a roundabout with A560 Altrincham Road within Baguley, South Manchester. The tender process will include consideration of the social value the project will bring. Due to the location of the scheme, there may be the possibility to work with the Open University in order to upskill students accessing Engineering/Construction courses. A capital budget increase of £0.160m is requested, funded by grant.

6 Prudential Performance Indicators

6.1 If the recommendations in this report are approved the General Fund capital budget will increase by £0.660m, 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 Global Revenue 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.

6.4 A request has been made to Council via the Global Revenue Monitoring and Budget Update report to approve the revised Prudential Indicator for non HRA Capital Expenditure to £600m.

7 Conclusions

- 7.1 The capital budget of the City Council will increase by £0.660m, if the recommendations in this report are approved.
- 7.2 The revenue budget of the City Council will increase by £1.5m, via the capital fund, if the recommendations in this report are approved.

8 Conclusions

- 8.1 The recommendations appear at the front of this report.

Executive Approval Requests							
Strategic Development	West Gorton Community Park	Grant	514	586			1,100
Strategic Development	West Gorton Community Park	Capital Receipt	0	500			500
ICT	Care Leavers Ph1	Borrowing	91				91
ICT	Investment Plan	Borrowing	-91				-91
ICT	ONE System Developments	Borrowing	48				48
ICT	C&F ICT Projects	Borrowing	-48				-48
Total Executive Approval Requests			514	1,086	0	0	1,600
Delegated Approvals							
Children's Services	Healthy Pupil Capital Funding	Grant	263				263
Highways	M56	Grant	12	148			160
Total Delegated Approvals			275	148	0	0	423
Total Budget Adjustment Approvals			926	34	-150	-150	660