

Manchester City Council Report for Resolution

Report to: Executive – 14 October 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 Council approve the following changes to Manchester City Council's capital programme:
 - a) Growth and Development – Demolition of Grey Mare Police Station. A capital budget increase of £0.761m is requested, funded by HCA Eastlands Reserve Fund.
 - b) Highways Services - Planned Maintenance 2020/21 Carriageway Preventative Programme. A capital budget virement of £1.289m is requested from the Highways Project Delivery Fund budget.
 - c) Public Sector Housing – Silk Street. A capital budget increase of £12.048m is requested, funded by £5.650m HRA (RCCO), £4.140m Grant and £2.258m Capital Receipts.
 2. Under powers delegated to the Executive, to approve the following changes to the City Council's capital programme:
 - a) Highways Services - Patching defect repairs 2020/22 Maintenance Programme. A capital budget increase of £2.838m is requested, funded by Government Grant.
 - b) Neighbourhoods – Wythenshawe Track Changing Rooms. A capital budget virement of £0.380m is requested from the Parks Development Programme budget
 3. To note increases to the programme of £0.033m as a result of delegated approvals.
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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 £15.647m 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
- Report to the Executive 3rd July 2020 – Capital Programme Update
- Report to the Executive 29th July 2020 - Capital Programme Update and Capital Budget Monitoring 2020/21
- Report to the Executive 9th September 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 9th September 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 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 £0.500m. The following proposals require Council approval for changes to the capital programme.
- 3.2 Growth and Development – Demolition of Grey Mare Police Station. The Council is seeking to demolish the former police station at Grey Mare Lane to provide immediate revenue savings and enable future development opportunities, including residential housing, to be considered and brought forward in accordance with the Eastlands Regeneration Framework. A capital budget increase of £0.761m in 2020/21 is requested, funded by the HCA Eastlands Reserve Fund.
- 3.3 Highways Services - Planned Maintenance 2020/21 Carriageway Preventative Programme. The scheme will prolong the existing surface of the roads, to delay the dilapidation process by which pot-holes form. This particular programme of works will treat roads that are in mid-life condition using an affordable overlay, which should effectively extend their life by 8 to 10 years.

A capital budget virement of £1.289m in 2020/21 is requested from the Highways Project Delivery Fund budget, which is funded from borrowing.

- 3.4 Public Sector Housing – Silk Street. The project will see the high quality design and construction of 69 canal side, affordable new homes on a 1.78 acre former market site in Newton Heath, North Manchester. The delivery of this project will transform this currently vacant site and kick start the wider regeneration plans centred around the main High Street and compliment the investment being made in the area by partners such as One Manchester. A capital budget increase of £0.908m in 2020/21, £4.535m in 2021/22 and £6.605m in 2022/23 is requested, funded by £5.650m HRA (RCCO), £4.140m Grant and £2.258m Capital Receipts.

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 - Patching defect repairs 2020/22 Maintenance Programme. The programme of works will continue with the delivery of the patching programme to fulfil the Council's legal obligation to maintain the carriageway & footway network by repairing actionable defects identified during safety inspections. A capital budget increase of £1.2m in 2020/21 and £1.638m in 2021/22 is requested, funded by Government Grant.
- 4.3 Neighbourhoods – Wythenshawe Track Changing Rooms. The project will replace accessible changing and toilet facilities at Wythenshawe Athletics Track. A replacement building is needed to meet the existing and future requirements of the athletics clubs and users on site as the current facility is no longer fit for purpose and has been deemed as at the end of its useful life. A capital budget virement of £0.190m in 2020/21 and £0.190m in 2021/22 is requested from the Parks Development Programme budget, which is funded from borrowing.

5.0 Delegated budget Approvals

- 5.1 There have been increases to the programme totalling £0.033m as a result of delegated approvals since the previous report to the Executive on 9th September 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 £15.647m, 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 £15.647m, 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	2021/22	2022/23	Future	Total
			£'000	£'000	£'000	£'000	£'000
Council Approval Requests							
Growth and Development	Demolition of Grey Mare police station	HCA Eastlands Reserve	761				761
Highways Services	Planned Maintenance Carriageway Preventative Programme	Borrowing	1,289				1,289
Highways Services	Highways Project Delivery Fund	Borrowing	-1,289				-1,289
Public Sector Housing	Silk Street	HRA (RCCO)	650	2,500	2,500		5,650
Public Sector Housing	Silk Street	Grant	-	1,035	3,105		4,140
Public Sector Housing	Silk Street	Capital Receipts	258	1,000	1,000		2,258
Total Council Approval Requests			1,669	4,535	6,605	0	12,809
Executive Approval Requests							
Highways Services	Maintenance Programme – Patching defect repairs Programme.	Government Grant	1,200	1,638			2,838
Neighbourhoods	Wythenshawe Track changing rooms	Borrowing	190	190			380
Neighbourhoods	Parks Development Programme	Borrowing	- 190	- 190			- 380
Total Executive Approval Requests			1,200	1,638	0	0	2,838
Total Budget Adjustment Approvals			2,869	6,173	6,605	0	15,647

Appendix 2 - Approvals under authority delegated to the City Treasurer

Dept	Scheme	Funding	2020/21	2021/22	2022/23	Future	Total
			£'000	£'000	£'000	£'000	£'000
Children's Services	Early Years Maintenance	Government Grant	33				33
Total Delegated Approval Requests			33	0	0	0	33