

## Manchester City Council Report for Resolution

**Report to:** Executive – 11 November 2020

**Subject:** Capital Programme Update

**Report of:** Deputy Chief Executive and City Treasurer

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### 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

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

1. Children's Services – Co-op Academy Belle Vue Permanent. A capital budget virement of £2.146m is requested, funded by Unallocated Education Basic Need budget.
2. Children's Services – Co-op Academy Belle Vue Early Opening. A capital budget virement of £2.140m is requested, funded by Unallocated Education Basic Need budget.

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

1. Children's Services – Lancasterian School Rebuild and Expansion – Pre-Development Costs. A capital budget virement of £0.140m is requested, funded by Unallocated Education Basic Need budget.
  2. Private Sector Housing - Next Steps Accommodation Programme (NSAP) Property Acquisitions. A capital budget increase of £2.740m is requested, funded by £1.370m Government Grant and £1.370m Capital receipts.
  3. Children's Services – Co-op Academy Belle Vue. A capital budget increase of £3.864m is requested, funded by the Department for Education (DfE) Presumption Free School Grant.  
To note increases to the programme of £0.305m 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.

<b>Our Manchester Strategy outcomes</b>	<b>Contribution to the strategy</b>
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

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### **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 £6.604m 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 12<sup>th</sup> February 2020 – Capital Strategy and Budget 2019/20 to 2023/24

Report to the Executive 11<sup>th</sup> March 2020 - Capital Programme Update

Report to the Executive 3<sup>rd</sup> June 2020 – Capital Programme Update

Report to the Executive 3<sup>rd</sup> July 2020 – Capital Programme Update

Report to the Executive 29<sup>th</sup> July 2020 - Capital Programme Update and Capital Budget Monitoring 2020/21

Report to the Executive 9<sup>th</sup> September 2020 – Capital Programme Update

Report to the Executive 14<sup>th</sup> October 2020 - Capital Programme Update and Capital Budget Monitoring 2020/21

## **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 12<sup>th</sup> 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 14th October 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 Children's Services - Co-op Academy Belle Vue Permanent. This project will deliver a new 1200 place secondary school, in response to ongoing demand for secondary school places in east Manchester, with associated grounds and infrastructure works on the site of the Showcase Cinema on Hyde Road in readiness for September 2022 opening. This request is seeking additional funding to continue the school design up to RIBA stage 4 now full costs are known. A capital budget virement of £2.146m in 2021/22 is requested, funded by Unallocated Education Basic Need budget.
- 3.3 Children's Services - Co-op Academy Belle Vue Early Opening. Belle Vue will be delivered for opening in September 2022, in the meantime additional secondary school places are required for September 2021. This scheme, along with funding from Connell College, will deliver a modular build extension and temporary units at Connell Co-op College to allow places from 2021. A

capital budget virement of £2.140m is requested in 2020/21, funded by Unallocated Education Basic Need 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 Children's Services – Lancasterian School Rebuild and Expansion – Pre-Development Costs. This scheme is the first step to undertake site investigations and remediation strategy, undertake feasibility for a proposed SEN school and initial design layout masterplanning. This will determine the quality of the land at Moss Lane East and identify what is possible in terms of a new education setting. A capital budget virement of £0.140m is requested in 2020/21, funded by Unallocated Education Basic Need budget.
- 4.3 Private Sector Housing - Next Steps Accommodation Programme (NSAP) Property Acquisitions. The "Everyone In" Initiative helped 15,000 homeless people across the country, including those long-standing rough sleepers who have often evaded services for years, to be housed in emergency accommodation to minimise the risk of COVID-19. Accommodation included the procurement of hotels to house people quickly, providing a place to help people self-isolate during the lockdown. The Government announced the Next Steps Accommodation Programme in July which has made financial resources available to support local authorities and their partners to prevent these people from returning to the streets.
- 4.4 The Council and its partners have been successful in securing significant grant funding to support a range of schemes. The specific scheme which the Council are delivering will provide 20 one-bedroom flats by 31 March 2021. The Council is required to provide 50% match-funding, to be covered by the rental income stream. Due to the tight delivery timescale the budget is being requested to ensure the project can proceed upon expenditure approval. Preparatory work has already started and the project plan is being developed. A capital budget increase of £2.740m is requested in 2020/21, funded by £1.370m Government Grant and £1.370m Capital Receipts.
- 4.5 Children's Services – Co-op Academy Belle Vue. The Council has been successful in securing the Presumption Free School Capital Grant to support the establishment of the Co-op Academy Belle Vue, a new 1,200 place secondary school on the site of the Showcase Cinema on Hyde Road. The funding will be used to fund construction or land costs for the new presumption school. A capital budget increase of £3.864m is requested in 2021/22, funded by Government Grant.

## **5.0 Delegated budget Approvals**

- 5.1 There have been increases to the programme totalling £0.305m as a result of delegated approvals since the previous report to the Executive on 14<sup>th</sup> October 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 £6.604m, 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 £6.604m, 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
<b>Council Approval Requests</b>							
Children's Services	Co-op Academy Belle Vue - Early Opening	Government Grant	2,140				2,140
Children's Services	Education Basic Need Grant Unallocated	Government Grant	-2,140				-2,140
Children's Services	Co-op Academy Belle Vue - Permanent	Government Grant		2,146			2,146
Children's Services	Education Basic Need Grant Unallocated	Government Grant		-2,146			-2,146
<b>Total Council Approval Requests</b>			<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Executive Approval Requests</b>							
Children's Services	Lancasterian School Rebuild & Expansion – Pre Development Costs	Government Grant	140				140
Children's Services	Education Basic Need Grant Unallocated	Government Grant	-140				-140
Private Sector Housing	Next Steps Accommodation Programme (NSAP) Property Acquisitions	Government Grant	1,370				1,370
Private Sector Housing	Next Steps Accommodation Programme (NSAP) Property Acquisitions	Capital Receipts	1,370				1,370
Children's Services	Co-op Academy Belle Vue – Presumption Free School Grant	Government Grant		3,864			3,864
<b>Total Executive Approval Requests</b>			<b>2,740</b>	<b>3,864</b>	<b>0</b>	<b>0</b>	<b>6,604</b>
<b>Total Budget Adjustment Approvals</b>			<b>2,740</b>	<b>3,864</b>	<b>0</b>	<b>0</b>	<b>6,604</b>



## 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
Highways Services	Enterprise Car Club Bays	External Contribution	28				28
Highways Services	Electric Vehicle Charging Points	External Contribution	30				30
Highways Services	Off Street Car Parks post joint venture project	Borrowing on an Invest to Save Basis	247				247
<b>Total Delegated Approval Requests</b>			<b>305</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>305</b>