

Manchester City Council Report for Resolution

Report to: Executive – 16 January 2019

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. Highways – Exchange Square water feature refurbishment. A capital budget increase of £0.440m is requested, funded by borrowing.
2. Neighbourhoods – relocation of Manchester Visitor Information Centre. A capital budget increase of £0.059m is requested, funded by borrowing.
3. Private Sector Housing – transfer of projects from Strategic Acquisitions. A capital budget virement of £1.592m is requested.
4. Children's & Families / ICT – Liquid Logic/ContrOCC. A virement of £0.139m from the Early Help project, which this project supersedes, and £0.370m from the ICT Investment Plan is requested.

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

1. Neighbourhoods – Wythenshawe Hall insurance works. A capital budget increase of £0.759m is requested, funded from external contributions.
2. Highways – Pothole funding. A capital budget increase of £1.902m is requested, funded from £1.686m grant from the Department of Transport and £0.216m external contribution from the Greater Manchester Combined Authority.
3. Children's Services – additional funding for provision or improvement of places for pupils with special educational needs. A capital budget increase of £0.580m is requested, funded from grant.
4. ICT – Microsoft Enterprise Agreement Licensing renewal. A virement of £0.227m from the ICT Investment Plan is requested, funded by borrowing.

5. ICT – virement from Data Centre Facility revenue project to Data Centre Network Design. A capital budget increase of £0.130m is requested, funded by borrowing, with a corresponding reduction to the revenue budget.

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 decrease the revenue budget by £0.130m.

Financial Consequences – Capital

The recommendations in this report, if approved, will increase Manchester City Council's capital budget by £3.870m, 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 Monitoring

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

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

Report to the Executive 17th October 2018 – Capital Programme Monitoring

Report to the Executive 17th October 2018 – Capital Programme Update

Report to the Executive 14th November 2018 – Capital Programme Update

Report to the Executive 12th December 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 14 November 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 Highways – Exchange Square water feature refurbishment. The water feature within the Square requires refurbishment, and it is proposed to redesign the feature to bring it back into use. It is proposed that this will be funded from the existing public realm budget, and £0.440m borrowing. A capital budget increase of £0.440m is requested, funded by borrowing.
- 3.3 Neighbourhoods – relocation of Manchester Visitor Information Centre. It is proposed to move the Visitor Information Centre to Central Library, and to facilitate this capital works of £0.059m are required. A capital budget increase of £0.059m is requested, funded by borrowing.
- 3.4 Private Sector Housing – transfer of projects from Strategic Acquisitions. Following a review of the Strategic Acquisitions programme it has been identified that a number of acquisitions, totalling £6.592m, directly relate to housing regeneration and development strategies and therefore should be classed as Housing capital spend. The identified projects are Homelessness Property Acquisitions, for which budget provision already exists within the

Housing budget, and land acquisitions in Collyhurst and at Eccleshall Street which will form housing regeneration projects. It is therefore proposed to transfer the budgets to Private Sector Housing.

- 3.5 Children's & Families / ICT – Liquid Logic/ContrOCC. Additional funding is required to support the implementation of the social care and social care payments system. This is due the introduction of an additional software module which was not available when the project commenced, the need for additional specialist third party resource to support the implementation of the project, and internal resource costs as the testing period for the system has taken longer than originally anticipated due to the need to implement changes to some of the standard elements of the programme to reflect safeguarding requirements. A virement of £0.139m from the Early Help project, which this project supersedes, and £0.370m from the ICT Investment Plan is requested.

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 Neighbourhoods – Wythenshawe Hall insurance works. Funding is required for the insurance works being undertaken at Wythenshawe Hall, due to additional works being required. Specifically, costs have increased due to the need to rebuild chimneys, replace rotten roof timbers, extra plaster repairs, and the need for extra mechanical and electrical works. In total, the increase in costs is £1.000m, of which £0.241m will be met from the existing Asset Management Programme budget. The remainder will be funded by an external contribution under the insurance policy. A capital budget increase of £0.759m is requested, funded from external contributions.
- 4.3 Highways – Pothole/Patching funding. A budget increase of £1.902m is requested. This relates to two funding allocations recently received by the Council; the first from the Department of Transport (£1.686m) following announcements in the Autumn Budget and the second from Greater Manchester Combined Authority (£0.216m) to be spent by 31 March 2019. The allocations are to support essential highways works on potholes and road patching and will bring additional funding to the overall Highways Investment Programme. The additional funding will therefore be added to the Programme. The profile of spend for the total investment programme is currently being reviewed and will be reported to Executive in February as part of the updated Capital Strategy.
- 4.4 Children's Services – additional funding for provision or improvement of places for pupils with special educational needs. The Council had previously been awarded nearly £2.5m from Government with regard to either creating new

places for pupils with special educational needs, or improving existing facilities. The Government has subsequently announced further funding, and the Council has been awarded an additional £0.580m in 2020/21. Any proposals for how this funding will be spent will be progressed through the Council's Capital Approval Process, and it is expected to be spent across the current and subsequent two years. A capital budget increase of £0.580m is requested, funded from grant.

4.5 ICT – Microsoft Enterprise Agreement Licensing renewal. To avoid ongoing annual revenue costs and to reduce the risk of future cost increases, it is proposed to purchase existing Microsoft Visio and Project licenses in perpetuity. A virement of £0.227m from the ICT Investment Plan is requested, funded by borrowing.

4.6 ICT – virement from Data Centre Facility revenue project to Data Centre Network Design. An underspend in the revenue-funded Data Centre Facility project has been identified due to external resource not being required to deliver it. It is proposed that the underspend is returned to Capital Fund, and is used to support the physical relocation of telephony and network relating to the Data Centre. A capital budget increase of £0.130m is requested, funded by borrowing, with a corresponding reduction to the revenue budget.

5 Prudential Performance Indicators

5.1 If the recommendations in this report are approved the General Fund capital budget will increase by £3.870m, across financial years as detailed in Appendix 1.

5.2 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.

5.3 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 Conclusions

6.1 The capital budget of the City Council will increase by £3.870m, if the recommendations in this report are approved.

6.2 The revenue budget of the City Council will decrease by £0.130m if the recommendations in this report are approved.

7 Recommendations

7.1 The recommendations appear at the front of this report.