

**Manchester City Council  
Report for Resolution**

**Report to:** Executive – 13 February 2019  
**Subject:** Capital Programme Monitoring 2018/19  
**Report of:** The City Treasurer

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**Summary**

This report informs members of:

- (a) Progress against the delivery of the 2018/19 capital programme to the end of December 2018.
- (b) The revised capital budget 2018/19 taking account of changes between the approved capital budget and any further changes occurring in year.
- (c) The latest forecast of expenditure and the major variations since the Capital Programme Monitoring report submitted in October 2018.
- (d) The impact any variations may have on the Capital Programme for the period 2018/19 to 2023/24.

**Recommendations**

The Executive is requested to recommend that Council:

1. Approve the virements over £0.5m between capital schemes to maximise use of funding resources available to the City Council set out in Appendix A.

The Executive is requested to:

2. Note that approval of movements and transfers to the full capital programme, including projects on behalf of Greater Manchester, will reflect a revised total capital programme budget of £600.5m and a latest full year forecast of £493.0m. Expenditure to the end of December 2018 is £336.2m.

Manchester City Council Programme

3. Agree that the capital budget be amended to reflect movement in the programme, attributable to approved budget increases and updates to spending profiles.
4. Approve the virements below £0.5m between capital schemes to maximise use of funding resources available to the City Council set out in Appendix A.
5. Note that capital resources will be maximised and managed to ensure the capital programme 2018/19 remains fully funded and that no resources are foregone.

6. Note that approval of movements and transfers to the Manchester City Council capital programme will reflect a revised capital programme budget of £468.2m and a latest full year forecast of £397.2m. Expenditure to the end of December 2018 is £265.9m.

Projects carried out on behalf of Greater Manchester

7. Agree that the capital budget be amended to reflect movement in the programme, attributable to approved budget increases and updates to spending profiles.
8. Note that approval of movements and transfers to the Greater Manchester capital programme will reflect a revised capital programme budget of £132.3m against a latest full year forecast of £95.8m. Expenditure to the end of December 2018 is £70.3m.

**Wards Affected:** All

<b>Manchester Strategy outcomes</b>	<b>Summary of the contribution to the strategy</b>
A thriving and sustainable city: supporting a diverse and distinctive economy that creates jobs and opportunities	The capital programme contributes to various areas of the economy including investment in public and private sector housing, education and children's social care, transport infrastructure, major regeneration activities, environmental, cultural and leisure services.
A highly skilled city: world class and home grown talent sustaining the city's economic success	The capital programme includes substantial investment in education and also 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	The capital programme includes investment in adult and children's social care, education, housing and the environment, cultural and leisure services, all of which contribute towards the strategy.
A liveable and low carbon city: a destination of choice to live, visit, work	Investment in all areas of the capital programme contributes towards this community strategy, notably the investment in sustainable and affordable housing, building schools for the future, transport, environmental and major regeneration programmes.
A connected city: world class infrastructure and connectivity to drive growth	The capital programme includes investment in highways infrastructure, and broadband expansion.

**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**

All Revenue consequences are included in the current Revenue Budget.

**Financial Consequences – Capital**

The latest forecast of expenditure for 2018/19 is £493.0m, compared to a proposed revised budget of £600.5m. Spend to date is £336.2m. The programme is subject to continual review to establish whether the forecast remains achievable. Whilst the intention is for the City Council to progress the programme as stated, some projects and their sources of funding may require re-profiling into future years.

The Greater Manchester programme is hosted by the City Council, but is managed by the Combined Authority which also monitors the projects. The City Council is currently working with the Greater Manchester Combined Authority (GMCA) to finalise the novation of a number of Housing Investment Fund projects following the granting of the relevant borrowing powers to the CA. This will be reported in further detail once the position is confirmed.

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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 27<sup>th</sup> June 2018 – Capital Programme – Capital Programme Update
- Report to the Executive 11<sup>th</sup> July 2018 – Capital Programme – Capital Programme Update
- Report to the Executive 25<sup>th</sup> July 2018 – Capital Programme – Capital Programme Monitoring
- Report to the Executive 25<sup>th</sup> July 2018 – Capital Programme – Capital Programme Update
- Report to the Executive 12<sup>th</sup> September 2018 – Capital Programme – Capital Programme Update
- Report to the Executive 17<sup>th</sup> October 2018 – Capital Programme – Capital Programme Monitoring
- Report to the Executive 17<sup>th</sup> October 2018 – Capital Programme – Capital Programme Update
- Report to the Executive 14<sup>th</sup> November 2018 – Capital Programme – Capital Programme Update
- Report to the Executive 12<sup>th</sup> December 2018 – Capital Programme – Capital Programme Update
- Report to the Executive 16<sup>th</sup> January 2018 – Capital Programme – Capital Programme Update

## 1 Introduction

1.1 The purpose of the report is to:

- Provide an update to members on the progress of the capital programme in the nine months to the end of December 2018.
- Inform members of the latest estimates of capital expenditure for 2018/19 and to show forward commitments into the 2019/20 to 2023/24 capital programme.
- Confirm that there are adequate levels of resources available to finance the capital programme.
- Update members on the projects carried out on behalf of Greater Manchester.

1.2 This report has been redesigned, to provide more information on the activities undertaken in delivering the programme and the risks associated with the works, as well as the financial monitoring and changes required.

1.3 A summary of each part of the programme is included within the report, providing detail on the major projects, issues, and risks for that area. This is presented alongside a summary of the financial position, and any changes to the budget that are required.

1.4 Appendix A details the virements requested across the programme. Appendix B details the revised capital budget for each project, taking into account the virements requested and any re-profiling between years which has been identified.

## 2 Capital Budget

2.1 The Capital Budget for the period 2018/19 to 2023/24 is currently £1,794.4m. This is an increase of £23.9m compared to the budget reported to Executive as at Quarter 2 2018/19. The profile before the changes proposed in this report, is shown below:

<b>Capital Programme 2018-2024 £m</b>	<b>2018/19</b>	<b>2019/20</b>	<b>2020/21</b>	<b>2021/22</b>	<b>2022/23</b>	<b>2023/24</b>	<b>Total Programme</b>
Capital Budget (May 18)	597.0	557.2	240.0	286.1	3.1	0.0	<b>1,683.4</b>
Capital Programme Update (Approved May 18)	3.1	6.5	2.4	0.0	0.0	0.0	<b>12.0</b>
Capital Programme Update (Approved June 18)	2.3	2.0	1.1	0.0	0.0	0.0	<b>5.4</b>
Budget Reprofiting Q1	-28.2	-44.9	73.2	-107.0	75.0	31.9	<b>0.0</b>
Capital Programme Update (Approved July 18)	38.4	18.5	6.1	2.7	0.0	0.0	<b>65.7</b>
Capital Programme Update (Approved September 18)	3.5	0.5	0.0	0.0	0.0	0.0	<b>4.0</b>
Budget Reprofiting Q2	-11.4	-5.8	13.9	20.4	-6.9	-10.2	<b>0.0</b>
Capital Programme Update (Approved November 18)	2.0	19.9	0.0	0.0	0.0	0.0	<b>21.9</b>

<b>Capital Programme 2018-2024 £m</b>	<b>2018/19</b>	<b>2019/20</b>	<b>2020/21</b>	<b>2021/22</b>	<b>2022/23</b>	<b>2023/24</b>	<b>Total Programme</b>
Capital Programme Update (Approved December 18)	-8.3	0.7	0.1	0.0	0.0	0.0	<b>-7.5</b>
Capital Programme Update (Approved January 19)	2.2	4.1	3.2	0.0	0.0	0.0	9.5
<b>Revised Capital Budget</b>	<b>600.5</b>	<b>558.7</b>	<b>340.1</b>	<b>202.2</b>	<b>71.2</b>	<b>21.7</b>	<b>1,794.4</b>
<i>Of which:</i>							
Manchester City Council Programme	468.2	440.1	310.7	202.2	71.2	21.7	<b>1,514.1</b>
Programme on behalf of Greater Manchester	132.3	118.6	29.4	0.0	0.0	0.0	<b>280.3</b>

2.2 The figures shown above include changes approved since the 2017/18 outturn report by the Executive Member for Finance and Human Resources and the City Treasurer under delegated powers.

### **3 Projects carried out on behalf of Greater Manchester**

3.1 The Greater Manchester programme is forecasting to spend £95.8m against a budget of £132.3m, a variance of £36.5m. This is based on the revised likely pipeline for Housing Investment Fund loans. The Housing Investment Fund will novate to the Greater Manchester Combined Authority in the near term. The Council will retain a number of loans which cannot easily be novated and the Combined Authority will provide loan finance to offset these assets and provide a guarantee against any losses. The exact number and value of loans retained will be reported once the detail of the novation is completed.

3.2 The rest of this report will focus on the Council's Capital Programme.

### **4 Capital Programme Forecast 2018/19**

4.1 The forecast expenditure for 2018/19 is £397.2m compared to a budget of £468.2m. The variations, by service area, are shown in the table below.

4.2 The main changes to the programme since the report to Executive in October 2018 are:

- £6.0m movement of budget to future years for various projects within the Highways Portfolio, to reflect an updated timing of the schedule of works in the programme including the Manchester/Salford Inner Relief Road, School Crossings programme, Installation of new pay and display machines and Drainage works across the City.
- £1.0m of the remaining Waste Reduction Measures programme will be moved in to next financial year to enable prior consultation with residents affected by the new recycling arrangements. The remaining roll out will now take place in 2019/20.
- £7.2m reprogramming of works in the Asset Management Programme across

various projects including Wythenshawe Hall, the Space building, Eastland's Estate, the National Football Museum, Bridgewater Hall and Heaton Park and Hall.

- £5.5m variance against the Strategic Acquisitions Programme including £4.2m underspend as works around the Spire Hospital site have been delivered significantly under budget. There are also changes to this budget due to the current standing of negotiations on other various potential acquisitions which is largely out of the Council's control.
- £8.5m changes to the Civic Quarter Heat Network budget as the legal agreements have now been signed and programme of works updated.
- £13.3m amendments to both the Gateway programmes of work to support the likely land acquisitions for the Northern Gateway Project and the demolition and additional works as part of the Eastern Gateway Project.
- £8.4m for the Northwards Housing Programme as planned works relating to high rise blocks and the installations of sprinkler systems will now commence in March 2019.
- £11.9m changes to the Basic Need and SEND programme due to an updated schedule of works meaning that some of the final phases of existing projects are now expected to begin in 2019/20.

*Capital Programme 2018/19 budget, forecast and spend to date at 31<sup>st</sup> December 2018*

<b>Manchester City Council Programme</b>	<b>Budget £m</b>	<b>Forecast £m</b>	<b>Variance £m</b>	<b>Spend to Date £m</b>	<b>Spend to Date as % of Forecast</b>
Highways	43.8	37.8	-6.0	20.6	54.5%
Neighbourhoods	13.1	11.2	-1.9	7.7	68.8%
Strategic Development	159.8	122.1	-37.7	50.0	41.0%
Town Hall Refurbishment	11.6	11.1	-0.5	4.6	41.4%
Housing - GF	26.9	26.9	0.0	15.2	56.5%
Housing - HRA	24.6	16.2	-8.4	9.7	59.9%
Children's Services	45.2	31.8	-13.4	27.3	85.8%
ICT	8.5	6.1	-2.4	2.0	32.8%
Corporate Services	134.7	134.0	-0.7	128.8	96.1%
<b>Manchester City Council Programme</b>	<b>468.2</b>	<b>397.2</b>	<b>-71.0</b>	<b>265.9</b>	<b>66.9%</b>
Programme on behalf of Greater Manchester	132.3	95.8	-36.5	70.3	73.4%
<b>TOTAL</b>	<b>600.5</b>	<b>493.0</b>	<b>-107.5</b>	<b>336.2</b>	<b>68.2%</b>
		<b>Reprofiling</b>	<b>-101.9</b>		
		<b>Cost Variations</b>	<b>-4.6</b>		

<b>Net over (under) spend</b>	-1.0
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- 4.3 There is a forecast capital programme variance of £107.5m between the budget and the latest expenditure forecast. Of this, £101.9m is due to schemes requiring budget re-profiling, made up of £106.9m slippage and £5.0m acceleration, £1.0m is due to potential net underspends against the budget and £4.6m of cost variations. Section 4 of this report looks at the re-profiling required and the cost variations together with the recommended budget changes to take this into account.
- 4.4 The variation will be closely monitored with the final outturn position being highly dependent on schemes commencing and continuing on schedule and delivering to plan.

## 5 Highway Services Programme

- 5.1 The Highways capital programme is forecasting to spend £37.8m compared to a budget of £43.8m, a variance of £6.0m. Spend to date is £20.6m, or 54.5% of the current forecast. The programme is shown in the table below:

<b>Highways</b>	<b>18/19 Spend to Date £m</b>	<b>18/19 Budget £m</b>	<b>18/19 Forecast £m</b>	<b>18/19 Variance £m</b>	<b>All Years Budget £m</b>	<b>All Years Forecast £m</b>	<b>All Years Variance £m</b>
Highways Planned Maintenance Programme	8.5	16.0	14.0	-2.0	116.4	116.3	-0.1
Manchester/Salford Inner Relief Road (MSIRR)	2.5	6.5	6.0	-0.4	13.9	13.9	0.0
Street Lighting PFI	7.0	11.1	11.1	0.0	32.8	32.8	0.0
Mancunian Way and Princess Parkway NPIF	0.2	0.6	0.4	-0.1	8.2	9.7	1.5
Other Projects	2.5	9.7	6.2	-3.5	119.2	133.7	14.5
<b>Total Highways</b>	<b>20.6</b>	<b>43.8</b>	<b>37.8</b>	<b>-6.0</b>	<b>290.5</b>	<b>306.4</b>	<b>15.9</b>
				<b>Reprofiling</b>			<b>-5.9</b>
				<b>Cost Variations</b>			<b>-0.1</b>
				<b>Net over (under) spend</b>			<b>0.0</b>

- 5.2 The schemes within the current Highways portfolio include the highways improvement investment fund, projects to improve and increase the use of cycle routes which relieve congestion and reduce air pollution from CO<sub>2</sub> emissions, improvements to pedestrian access in areas in the City, improvements to safety measures and schemes to reduce energy consumption for street lighting.

### Activities



- 5.3 An updated methodology to establish the programme of works for the School crossing programme has been agreed and as a result the first seven schemes are expected to be awarded to contractors in the next quarter.
- 5.4 The Carriageway Resurfacing and Prevention programme is progressing well with patching works and gully cleaning being delivered across the city, resulting in an acceleration to the programme in 2018/19.
- 5.5 The Manchester/Salford Inner Relief Road continues to progress in line with the agreed programme of works with the scheme scheduled to complete in 2020.
- 5.6 A number of Highways major projects have completed designs and undertaken public consultation including the Manchester to Chorlton Cycleway, Great Ancoats Street and Mancunian Way and Princess Parkway schemes.

#### Variances – All Years

- 5.7 There is an underspend of £0.1m on the Planned Highways Maintenance Programme which backdates to 2014/15. Highways have confirmed that all retentions have been paid for that year.
- 5.8 Various projects in the Highways Portfolio are showing an overall overspend of £16.0m. Of this £3.5m relates to the Stockport SEMMMS A6 scheme which is works carried out by Stockport MBC on a section of the Council's road network. There is also a forecast overspend of £1.5m on the Mancunian Way and Princess Parkway NPIF scheme. An application has been submitted to cover both of these overspends by additional grant funding. The forecast for the Cycle City Phase 2 project is £9.7m higher than budget to reflect expected additional grant funding from the Greater Manchester Mayor's Cycling Fund.

#### Variances – In Year

- 5.9 The main variances reported are:

#### *Highways Maintenance Programme*

- The Carriageway Preventative Programme is progressing well resulting in an acceleration of £1.3m in 2018/19;
- £0.3m of the Carriageway Resurfacing budget has been moved in to 2019/20 due to it taking longer than anticipated to get the required traffic regulation orders (TROs) in place.
- Drainage works have experienced a delay in starting the works within the Planned Maintenance Programme for 2018/19. As a consequence, slippage of £0.5m has been forecast into 2019/20, although there will be an overall acceleration to the programme next year;

- Additional funding allocations of c. £1.9m have been received to support essential highways works on potholes and road patching, as detailed in the Capital Update report to Executive in January; this funding must be used by 31<sup>st</sup> March 2019. The Council has therefore added this funding to the capital programme for the current financial year which will release existing £2.4m Council funding into future years. This aligns to the spend profile review for the overall investment programme.
- There are other minor variances of £0.1m to the Other Improvements works and Bridge Maintenance scheme within the Highways Maintenance Programme as the schedule of works to be completed is not yet finalised.

### *MSIRR*

- Manchester/Salford Inner Relief Road (MSIRR) has seen total re-profiling in to future years of £0.4m as a result of timing of payment applications and a movement in risk and contingency;

### *Other Projects*

- There has been total slippage into future years of £0.9m to the School Crossings programme as a result of a review of the order of works;
- Installation of new pay and display machines across the City Centre will now take place next year and therefore £0.9m has been moved in to 2019/20;
- The main construction works to the gantry on the Princess Road Safety Review scheme will now commence in 2019/20 as the service are still awaiting final designs. This has resulted in a movement of £0.3m budget into future years;
- A request for additional grant funding from the Greater Manchester Mayor's Cycling Fund has been submitted for the Cycle City Phase 2 programme to support the Chorlton element of the programme meaning the current scheme needs to be revised indicating slippage of £0.3m in to future years;
- Green Bridge at Airport City is awaiting the funding agreement to be signed. In addition, the airport have delayed construction due to planning permission of an adjacent multi storey car park, which indicates a movement of £0.4m into future years.
- The Hyde Road (A57) Pinch Point Widening scheme to reduce traffic congestion by widening a bridge that goes over the road requires a re-profiling of £0.2m budget in to 2019/20 due to the designs not yet being finalised.
- There are other variances totalling £0.5m to the Highways Programme including £0.1m Safe Routes to schools, £0.1m Integrated Transport Block, £0.1m 20mph Zones, and £0.1m Parking Schemes to allow for the scope, design and costs of all of the projects to be finalised. The other £0.1m for the

Velocity/Cycle City Phase 1 project will be moved to 2019/20 to cover any further fee claims.

### Risks

- 5.10 With the nature of the projects in Highways, there are inherent risks around external factors, such as weather conditions, which can hinder the schedule of works.
- 5.11 With the construction market in Manchester buoyant, access to the requisite resources and expertise to deliver projects and programmes has been identified as a risk which the Highways service are currently managing across their programme of works. The impact of external factors on cost and scope creep have also been identified as risks for specific projects within the Highways Portfolio with mitigating activity identified within the risk profiles.

## **6 Neighbourhoods Programme**

- 6.1 The Neighbourhoods programme is shown in the table below, and is split across three main themes, the details of which are provided separately below:

*Neighbourhoods Capital Programme 2018/19 (December 18)*

<b>Neighbourhoods</b>	<b>Budget £m</b>	<b>Forecast £m</b>	<b>Variance £m</b>	<b>Spend to Date £m</b>	<b>Spend to Date as % of Forecast</b>
Environment and Operations	2.3	1.3	-1.0	0.7	53.8%
Leisure	9.7	9.3	-0.4	6.6	71.0%
Libraries	1.1	0.6	-0.5	0.4	73.1%
<b>Total Neighbourhoods</b>	<b>13.1</b>	<b>11.2</b>	<b>-1.9</b>	<b>7.7</b>	<b>68.8%</b>
		<b>Reprofiling</b>	<b>-1.8</b>		
		<b>Cost Variations</b>	<b>0.0</b>		
		<b>Net over (under) spend</b>	<b>-0.1</b>		

### *Environment and Operations Programme*

- 6.2 The Environment and Operations programme is forecasting to spend £1.3m compared to a budget of £2.3m. Spend to date is £0.7m, or 53.8% of the current forecast. The programme is shown in the table below:

<b>Environment and Operations</b>	<b>18/19 Spend to Date £m</b>	<b>18/19 Budget £m</b>	<b>18/19 Forecast £m</b>	<b>18/19 Variance £m</b>	<b>All Years Budget £m</b>	<b>All Years Forecast £m</b>	<b>All Years Variance £m</b>
Waste Reduction Measures	0.0	1.3	0.3	-1.0	4.7	4.7	0.0
Waste Contract	0.4	0.5	0.6	0.1	11.5	11.5	0.0
Other Projects	0.3	0.5	0.4	-0.1	0.9	0.9	0.0
<b>Total Environment</b>	<b>0.7</b>	<b>2.3</b>	<b>1.3</b>	<b>-1.0</b>	<b>17.1</b>	<b>17.1</b>	<b>0.0</b>
<b>Reprofiling</b>				<b>-1.0</b>			
<b>Cost Variations</b>				<b>0.0</b>			
<b>Net over (under) spend</b>				<b>0.0</b>			

6.3 The schemes within the Environment and Operations programme are centred on improving the environment with the main focus on the control of waste disposal and promoting recycling.

#### Activities

6.4 The Waste Reduction Measures scheme is to procure 16,000 residual bins with 140 litre capacity to encourage recycling in communal properties and terraced housing. Two thirds of the buildings within the scheme are now completed with the project team assessing the impact on waste tonnage. The final third of the scheme is due to commence and the budget will be moved to the next financial year to enable the consultation with residents to take place.

6.5 The Waste Contract scheme is a loan to Biffa which relates to the purchase of vehicles for use within the waste and street cleansing contract. To date, two vehicles have been purchased with eight further vehicles on order to be delivered next year. The budget has therefore been moved into 2019/20.

6.6 A programme for the installation of smart litter bins in the City Centre has been developed pending approval to spend being granted for the scheme.

#### Variances – In Year

6.7 The remaining £1.0m of the Waste Reduction Measures programme and Reduction of Cost Waste in Apartments will be moved into next financial year to enable the prior consultation with residents affected by the new recycling arrangements. It is envisaged that remaining roll out will now take place in 2019/20.

#### *Leisure Programme*

6.8 The Leisure programme is forecasting spend of £9.3m compared to a budget of £9.7m, a variance of £0.4m. Spend to date is £6.6m, or 71.0% of the current forecast. The programme is shown in the table below:

Leisure	18/19 Spend to Date £m	18/19 Budget £m	18/19 Forecast £m	18/19 Variance £m	All Years Budget £m	All Years Forecast £m	All Years Variance £m
Parks Development Programme	0.5	2.1	1.7	-0.4	29.4	29.4	0.0
Indoor Leisure – Abraham Moss	0.1	0.7	0.7	0.0	14.8	14.8	0.0
Indoor Leisure – Moss Side	5.4	5.6	5.6	0.0	8.7	8.7	0.0
Other Projects	0.6	1.4	1.4	0.0	38.0	38.0	0.0
<b>Total Leisure</b>	<b>6.6</b>	<b>9.7</b>	<b>9.3</b>	<b>-0.4</b>	<b>90.9</b>	<b>90.9</b>	<b>0.0</b>
				<b>Reprofiling</b>			<b>-0.4</b>
				<b>Cost Variations</b>			<b>0.0</b>
				<b>Net over (under) spend</b>			<b>0.0</b>

6.9 The Leisure Programme provides leisure, sports and park facilities and services to communities across the City to promote health and wellbeing. It includes improvements to energy equipment to reduce consumption to realise economic and environmental benefits. The programme also includes improvements to facilities which are used for events and which may provide an economic benefit.

#### Activities

6.10 Works at Didsbury Park Play area are now completed, improving the quality and capacity of play facilities on site. Works commenced at Heaton Park Southern Play area on 5<sup>th</sup> December 2018 which are expected to be completed in 2019/20.

6.11 All external and internal works at Moss Side Leisure Centre are now complete and the site was handed back to the operator in November 2018. A small repair is required to the main pool tank overflow channel and this is due to be carried out in January 2019 with the centre remaining open during the works.

6.12 An additional requirement to include LED for floodlight replacements at Wythenshawe Park Sports Facilities has uplifted project costs by £25k. This will be financed on a 'spend to save' basis. This slight delay may mean that the project may not achieve full spend in year and a small portion of the increased budget may slip in to 2019/20.

6.13 The contractor for the Abraham Moss Leisure Centre has been appointed with a start-up meeting for the construction element of the project to be held in mid-January 2019.

6.14 The Parks Development Programme has identified social value to be delivered as part of the overall £20.0m allocated to develop the city's parks. Feasibility

works will now be agreed in order to establish the scope and works the programme will deliver.

#### Variances – All Years

- 6.15 The Parks Development Programme budget has been re-profiled in line with the services' revised 5 year programme.

#### Variances – In Year

- 6.16 Although work has commenced at Heaton Park Southern Play area, a slight delay in finalising the contract means completion is now expected in 2019/20 and as a result £0.1m has been slipped in to next year.
- 6.17 Northenden Riverside Park project to enhance play facilities for 4 to 10 year olds received limited interest following a recent advert and a new tender is underway, meaning the remaining £25k budget will now be utilised in 2019/20.

#### Risks

- 6.18 Parks have updated their risk profile to include the ability to secure match funding from external partners including Historic England and Heritage Lottery Fund. This will be monitored by their Programme Board.
- 6.19 Parks have identified risks around progress with recruitment to deliver the Parks Development Programme pending approval to spend.

#### *Libraries Programme*

- 6.20 The Libraries programme is forecasting spend of £0.6m against a budget of £1.1m. Spend to date is £0.4m, or 73.1% of the current forecast. The programme is shown in the table below:

<b>Libraries</b>	<b>18/19 Spend to Date £m</b>	<b>18/19 Budget £m</b>	<b>18/19 Forecast £m</b>	<b>18/19 Variance £m</b>	<b>All Years Budget £m</b>	<b>All Years Forecast £m</b>	<b>All Years Variance £m</b>
Open Libraries	0.2	0.7	0.2	-0.5	3.0	2.9	-0.1
Other Projects	0.2	0.4	0.4	0.0	0.0	0.0	0.0
<b>Total Libraries</b>	<b>0.4</b>	<b>1.1</b>	<b>0.6</b>	<b>-0.5</b>	<b>3.0</b>	<b>2.9</b>	<b>-0.1</b>
				<b>Reprofiling</b>			<b>-0.4</b>
				<b>Cost Variations</b>			<b>0.0</b>
				<b>Net over (under) spend</b>			<b>-0.1</b>

- 6.21 The library programme seeks to bring up to date accessible technology to communities, provide high quality exhibition areas attracting visitors and residents and create new community meeting spaces.

## Activities

- 6.22 The Withington Library refurbishment is now complete and the library re-opened on 22<sup>nd</sup> October 2018. The library has reported an increase in visitor numbers with 500 people applying for open plus membership. A series of projects designed to reduce revenue costs through investment in ICT have now completed in a number of sites across the estate.

## Variances – All Years

- 6.23 The roll out of the Central Library ICT project has identified equipment on a revenue lease basis which will provide an improved specification compared to the planned capital purchase of equipment, therefore, an underspend of £0.1m is expected.

## Variances – In Year

- 6.24 The Open Libraries programme to install and pilot open libraries at three sites across the city (Withington, Forum and New Moston) is underway. Additional remedial works are required at two of the sites (Forum and New Moston) meaning £0.4m will now slip into 2019/20 as works will not commence until March. The small budget remaining in the current year will cover any preliminary works. The additional £0.1m variance in year is in relation to the roll out of Central Library ICT underspend as in 6.23.

## Risks

- 6.25 No further risks are currently identified.

## **7 Strategic Development Programme**

- 7.1 The Strategic Development programme is shown in the table below, and is split across three main themes, the details of which are provided separately below:

### *2018/19 Strategic Development Capital programme (December 18)*

	<b>Budget £m</b>	<b>Forecast £m</b>	<b>Variance £m</b>	<b>Spend to Date £m</b>	<b>Spend to Date as % of Forecast</b>
<b>Strategic Development</b>					
Culture	27.6	26.7	-0.9	13.4	50.2%
Corporate Estates	70.8	49.2	-21.6	27.5	55.9%
Development	61.4	46.2	-15.2	9.1	19.7%
<b>Total Strategic Development</b>	<b>159.8</b>	<b>122.1</b>	<b>-37.7</b>	<b>50.0</b>	<b>41.0%</b>
		<b>Reprofiling</b>	<b>-32.6</b>		
		<b>Cost Variations</b>	<b>-4.2</b>		
		<b>Net over (under) spend</b>	<b>-0.9</b>		

## Culture Programme

- 7.2 The Culture programme is forecasting to spend £26.7m compared to a budget of £27.6m, a variance of £0.9m. Spend to date is £13.4m or 50.2% of the forecast. The programme is shown in the table below:

Cultural	18/19 Spend to Date £m	18/19 Budget £m	18/19 Forecast £m	18/19 Variance £m	All Years Budget £m	All Years Forecast £m	All Years Variance £m
	£m	£m	£m	£m	£m	£m	£m
The Factory	13.4	27.6	26.7	-0.9	138.6	139.3	0.7
Other Projects	0.0	0.0	0.0	0.0	26.8	26.8	0.0
<b>Total Cultural</b>	<b>13.4</b>	<b>27.6</b>	<b>26.7</b>	<b>-0.9</b>	<b>165.4</b>	<b>166.1</b>	<b>0.7</b>
	<b>Reprofiling</b>			<b>-0.9</b>			
	<b>Cost Variations</b>			<b>0.0</b>			
	<b>Net over (under) spend</b>			<b>0.0</b>			

- 7.3 The Factory will act as a driver of the next stage of Manchester's and the North's regeneration – with clear cultural, economic, educational and social benefits for the city and the wider region. It will be a new type of venue – one that can commission, produce and present the widest range of opera, dance, theatre, visual arts and popular culture, with an emphasis on new cross-art form collaborations, for a much wider audience than any traditional venue.

### Activities

- 7.4 An increased project budget for the Factory Arts Venue was approved by full Council in November 2018 with the 2018/19 budget now £27.6m. Works have commenced on site with programme completion scheduled for 2021 as part of the MIF Festival taking place that year. Piling works started in December 2018 and a number of orders are being progressed in line with the construction programme for the project.

### Variances – All Years

- 7.5 The Factory is reporting a variance of £0.7m over budget across all years. The project achieved Notice to Proceed (NTP) on 21<sup>st</sup> December 2018 and as a result a more accurate cost plan and programme of works has now been agreed.

### Variances – In Year

- 7.6 As the project has now achieved NTP, and the programme has now been agreed, the forecast now reflects what the current profile of spend is, but there are a number of consultant appointments not yet completed, hence movement of £0.2m budget to 2019/20 for The Factory – Construction project is required. The programme for the public realm works is now being developed and the main construction works will now be undertaken later in the programme with £0.7m of the budget being re-profiled into 2019/20.



## Risks

- 7.7 The risk profile for the Factory focuses on ensuring the project is delivered within the agreed budget and the delivery and installation of the steel required for the building construction.

## *Corporate Estates Programme*

- 7.8 The Corporate Estates programme is forecasting to spend £49.2m compared to a budget of £70.8m, a variance of £21.6m. Spend to date is £27.5m, or 55.9% of the current forecast. The programme is shown in the table below:

<b>Corporate Estates</b>	<b>18/19 Spend to Date £m</b>	<b>18/19 Budget £m</b>	<b>18/19 Forecast £m</b>	<b>18/19 Variance £m</b>	<b>All Years Budget £m</b>	<b>All Years Forecast £m</b>	<b>All Years Variance £m</b>
Asset Management Programme	5.6	16.2	9.0	-7.2	37.8	37.8	0.0
Strategic Acquisitions Programme	9.9	14.3	8.7	-5.5	23.3	19.1	-4.2
Hammerstone Road Depot	0.3	1.1	0.9	-0.2	15.0	19.9	4.9
Heron House and Registrars	9.3	15.8	15.8	0.0	19.9	19.9	0.0
Carbon Reduction Programme	0.0	0.1	0.1	0.0	9.9	10.5	0.6
Civic Quarter Heat Network	0.0	15.0	6.5	-8.5	26.0	26.0	0.0
Estates Transformation	2.2	5.6	5.2	-0.3	18.0	18.0	0.0
Other Projects	0.1	2.9	2.9	0.0	5.2	5.2	0.0
<b>Total Corporate Estates</b>	<b>27.5</b>	<b>70.8</b>	<b>49.2</b>	<b>-21.6</b>	<b>155.1</b>	<b>156.4</b>	<b>1.3</b>
				<b>Reprofiling</b>			<b>-17.4</b>
				<b>Cost Variations</b>			<b>-4.2</b>
				<b>Net over (under) spend</b>			<b>0.0</b>

- 7.9 The Corporate Estates programme supports the provision of fit for purpose accommodation for corporate, community and residential use, proactively maintaining and managing the corporate estate which includes reduction of carbon emissions across the estate.

## Activities

- 7.10 A construction partner has been appointed for the Hammerstone Road project, with design progressing and stakeholder meetings taking place. The project team continue to progress RIBA Stage 3 & 4 design and costings with an updated position being presented to the Strategic Capital Board in February 2019.

- 7.11 Design works are progressing for Alexandra House and the associated car park using the £1.6m approved for site investigations, surveys and design fees. The scheme is scheduled to complete in December 2020. Staff will be relocated to offices on City Road temporarily while the refurbishment of Alexandra House is delivered.
- 7.12 An additional £0.3m has been invested at the New Smithfield Market to improve health and safety, with more detailed proposals for the site under development.

#### Variances – All Years

- 7.13 There is a total underspend against the Strategic Acquisitions Programme across all years of £4.2m, as the acquisition of the Spire Hospital site and associated demolition works has been delivered significantly under the initial budget provision. The released resources can therefore be utilised elsewhere in the capital programme.
- 7.14 The Hammerstone Road project is currently forecasting an overspend of £4.9m, based on the outline business plan for the development. The current design incorporates significant differences to the original plan to reflect the changes to other depot sites, and the business case for proceeding is currently being developed. This may include some of the additional elements to the project being advanced on an invest to save basis, such as Winter Maintenance Facilities.
- 7.15 The Carbon Reduction Programme has an overall overspend of £0.6m across all years. A review of works has been carried out with potential additional projects emerging that could be invest to save opportunities for the Council. The business case for these is currently being drafted.

#### Variances – In Year

- 7.16 The Hammerstone Road scheme has experienced a slight delay in the next pre-construction contract being issued leading to £0.2m being slipped in to future years.
- 7.17 The Asset Management programme is reporting a total reprogramming of £7.2m to future years across various projects. A number of items must be dealt with at Wythenshawe Hall due to the complex heritage nature of the project, the Council must ensure that the appropriate approvals for heritage assets of this nature are secure. Remedial works have now been undertaken at New Smithfield Market allowing more time to agree the final scheme and programme. For the Space building the provisional programme of works have been changed as a full mapping of the drainage systems including external site areas is now required before works can be undertaken. While design has been commissioned for the Council's property within the Eastlands estate, at the National Football Museum and the Bridgewater Hall, some works resulting from this will now be delivered next year. Finally the works at Heaton Park and Hall will now start in 2019/20.

- 7.18 Of the unallocated element of the Estates Transformation budget £0.3m will be moved in to 2019/20 to support the delivery of future schemes.
- 7.19 In line with the latest position reported to Executive, the legal agreements for the Civic Quarter Heat Network have now been signed and the programme of work updated. The budget is now being adjusted accordingly with a need to re-profile £8.5m of the budget into future years.
- 7.20 Slippage of £1.3m is forecast on Strategic Acquisitions Programme, reflecting the current standing of negotiations on various potential acquisitions. As noted below, the timing of negotiations reaching a successful conclusion or otherwise is not within the Council's control, and there tends to be significant re-profiling of this budget year on year. The remaining £4.2m variance in year is the underspend noted in 7.13.

### Risks

- 7.21 It should be noted that there are a number of significant elements of the Corporate Estates programme, such as the 2019/20 Strategic Acquisitions programme, which are dependent on negotiations with third parties in order to achieve a successful outcome for projects such as land acquisition. As a result there is a possibility that budgets could be re-profiled.
- 7.22 There may also be pressure on the Strategic Acquisitions budget as city wide strategies evolve. As such, the programme is currently subject to a detailed review and prioritisation exercise.
- 7.23 The Asset Management Programme profile is under a full review taking into account the planned and pipeline works and the resources available to deliver. Once this work has been completed the profiling of the budget may need to be adjusted.
- 7.24 Finally the costs for the Heron House scheme of works may fall early in the new financial year rather than in 2018/19 requiring a re-profiling of the budget in to 2019/20.

### *Development Programme*

- 7.25 The Development programme is forecasting to spend £46.2m compared to a budget of £61.4m, a variance of £15.2m. Spend to date is £9.1m, or 19.7% of the current forecast. The programme is shown in the table below:

<b>Development</b>	<b>18/19 Spend to Date £m</b>	<b>18/19 Budget £m</b>	<b>18/19 Forecast £m</b>	<b>18/19 Variance £m</b>	<b>All Years Budget £m</b>	<b>All Years Forecast £m</b>	<b>All Years Variance £m</b>
Digital Asset Base – One Central Park	4.4	9.4	9.4	0.0	10.8	10.8	0.0

Eastern Gateway – Central Retail Park	0.1	1.3	1.3	0.0	40.4	40.4	0.0
Eastern Gateway – New Islington Marina	0.2	4.0	1.8	-2.2	5.2	5.2	0.0
Northern Gateway	0.0	15.0	3.9	-11.1	25.0	25.0	0.0
City Labs 2	0.9	3.7	3.7	0.0	3.7	3.7	0.0
Airport City Power Infrastructure	2.2	2.4	2.4	0.0	6.0	6.0	0.0
Digital Business Incubators	1.5	3.5	3.5	0.0	4.0	4.0	0.0
Sustaining Key Initiatives	0.0	0.0	0.0	0.0	13.6	13.6	0.0
Manchester College	0.0	17.6	17.6	0.0	27.6	27.6	0.0
Other Projects	-0.2	4.4	2.6	-1.8	89.1	88.2	-0.9
<b>Total Development</b>	<b>9.1</b>	<b>61.4</b>	<b>46.2</b>	<b>-15.2</b>	<b>225.4</b>	<b>224.5</b>	<b>-0.9</b>
				<b>Reprofiling</b>			<b>-14.3</b>
				<b>Cost Variations</b>			<b>0.0</b>
				<b>Net over (under) spend</b>			<b>-0.9</b>

7.26 The Development Programme seeks to provide sustainable growth and transformation of the City, not only to support internal growth but also to retain international competitiveness by promoting opportunities to develop the City's fabric, infrastructure, business and skills base and connecting local communities to employment opportunities.

#### Activities

7.27 Planning has been submitted for the repaving of the Medieval Quarter with works commencing on site in March 2019. A contractor has been appointed for the Peterloo Memorial, while a public consultation on the design was held in Central Library between 1<sup>st</sup> November and 3<sup>rd</sup> November. The grant agreement for the Tech Hub is underway and due to be complete by the end of the financial year.

#### Variances – All Years

7.28 The Space Project – Phase 2 has completed the Tenant Fit Out element of Space Studios, against which savings of £0.9m have been identified.

7.29 The nature of the Sustaining Key Initiatives project is that it is required as and when projects necessitate support, which means forecasting spend is difficult. To reflect this and to provide a prudent capital budget, it is proposed to re-profile the budget to allow it to be accelerated as and when required.

#### Variances – In Year

7.30 A £25.0m budget has been ringfenced to support the likely land acquisitions required for the Northern Gateway Project. The timing of those which are likely to require City Council support means that £11.1m of the budget will now be moved into future years.

- 7.31 Demolition works at Central Retail Park, part of the Eastern Gateway project have commenced. These will complete over the coming months with the budget provision of £2.2m for additional works now being required in 2019/20.
- 7.32 There is slippage of £0.4m on the Medieval Quarter Public Realm as further site surveys will be required which are scheduled for 2019 and will result in a later date for start on site.
- 7.33 A decision to progress the offices/space being considered for refurbishment for the Sharp Project has not yet been made. In the interim, these spaces have been let on a short term basis and in order to be flexible and accommodating according to demand in the interim period, these lettings have now been extended in to the next financial year, meaning there is a requirement to move £0.6m of the budget in to 2019/20.
- 7.34 Other in year variances relate to the Space Project – Phase 2 as in 7.28.

#### Risks

- 7.35 The Eastern Gateway - Central Retail Park may require re-profiling dependant on the scheme of works for the remediation of the site.

### **8 Our Town Hall Refurbishment**

- 8.1 The Our Town Hall Refurbishment programme is forecasting to spend £11.1m compared to a budget of £11.6m, a variance of £0.5m. Spend to date is £4.6m, or 41.4% of the current forecast. The programme is shown in the table below:

<b>Our Town Hall</b>	<b>18/19 Spend to Date £m</b>	<b>18/19 Budget £m</b>	<b>18/19 Forecast £m</b>	<b>18/19 Variance £m</b>	<b>All Years Budget £m</b>	<b>All Years Forecast £m</b>	<b>All Years Variance £m</b>
Our Town Hall Refurbishment	4.6	11.6	11.1	-0.5	305.2	305.2	0.0
<b>Total Our Town Hall Refurbishment</b>	<b>4.6</b>	<b>11.6</b>	<b>11.1</b>	<b>-0.5</b>	<b>305.2</b>	<b>305.2</b>	<b>0.0</b>
				<b>Reprofiling</b>			<b>-0.5</b>
				<b>Cost Variations</b>			<b>0.0</b>
				<b>Net over (under) spend</b>			<b>0.0</b>

#### Activities

- 8.2 Lendlease have been appointed as Management Contractor for the Town Hall refurbishment and will now commence the review of work package clusters as well as their plan for the initial phase of the construction element of the programme. The intrusive surveys continue to progress with mitigation

measures explored against any potential delay to the gantry works. An engagement event was held on 12<sup>th</sup> December 2018 with adjacent property building owners to update on the proposals for Albert Square. Cost consultants have been focussing on the cost planning for Stage 3 and on cost surety exercises which form part of the Stage 3 cost plan.

### Variances – In Year

- 8.3 As the Management Contractor started later than originally forecast and the forecast is now based on the actual tendered costs, the amount of early works to be procured is greater than envisaged earlier in the year. A programme of early works has been developed with the design team and is currently being procured. The professional fees costs have been re-profiled and some specialist work is now expected later in the programme, hence budget provision of £0.5m has been moved to 2019/20.

### Risks

- 8.4 Due to the size, duration and nature of the programme, there is an inherent risk of external factors causing delays or cost variations. The project will go through various design stages which may alter the cost projections. The refurbishment spans a number of years and therefore will also be subject to potential variations in inflation assumptions, particularly as uncertainty remains in the global markets.

## **9 Housing - General Fund**

- 9.1 The Private Sector Housing programme is forecasting to spend £26.9m compared to a budget of £26.9m, variance of nil. Spend to date is £15.2m, or 56.5% of the current forecast. The programme is shown in the table below:

<b>Private Sector Housing (General Fund)</b>	<b>18/19 Spend to Date £m</b>	<b>18/19 Budget £m</b>	<b>18/19 Forecast £m</b>	<b>18/19 Variance £m</b>	<b>All Years Budget £m</b>	<b>All Years Forecast £m</b>	<b>All Years Variance £m</b>
Brunswick PFI Land Assembly	1.3	2.5	2.5	0.0	9.5	9.5	0.0
Disabled Facilities Grant	5.2	7.2	7.2	0.0	53.0	53.0	0.0
Extra Care	2.0	3.6	3.6	0.0	6.0	6.0	0.0
Ben St Regeneration	4.8	5.6	5.6	0.0	15.6	15.6	0.0
Marginal Viability Fund – New Victoria	0.0	0.0	0.0	0.0	10.1	10.1	0.0
Marginal Viability Fund – Bowes Street	0.0	0.0	0.0	0.0	3.3	3.3	0.0
Other Projects	2.0	8.1	8.1	0.0	90.2	90.2	0.0

<b>Total Private Sector Housing (General Fund)</b>	<b>15.2</b>	<b>26.9</b>	<b>26.9</b>	<b>0.0</b>	<b>187.7</b>	<b>187.7</b>	<b>0.0</b>
	<b>Reprofiling</b>			<b>0.0</b>			
	<b>Cost Variations</b>			<b>0.0</b>			
	<b>Net over (under) spend</b>			<b>0.0</b>			

- 9.2 The Private Sector Housing programme focuses on providing affordable housing including the facilities, adaptations and community focus required.

Activities

- 9.3 The Brunswick PFI Land Assembly scheme is preparing for an acquisition of the Brunswick Parade retail units and the compensation for the Turkish Centre. West Gorton Community Park has received approval to spend with £0.5m forecast to be spent in this financial year on the new facility. The Housing Investment Fund is currently progressing site preparation works as part of the wider scheme. Legal agreements are being drafted to enable Registered Providers to drawdown Section 22 Housing Affordability Funding to purchase empty properties.

- 9.4 The Homelessness programme is to purchase properties in partnership with registered providers, to accommodate families requiring more than four bedrooms. The project aims to alleviate the use of long-term private rented accommodation, for homeless families. The properties will be acquired, refurbished and managed by partner Registered Providers, with the Council retaining full nomination rights. More properties are currently being sourced, with 20 acquisitions in total being forecast.

Variances – All Years

- 9.5 There are no variances to the overall budget.

Variances – In Year

- 9.6 There is acceleration of £3.5m to the Homelessness Programme as MCC will release the full £5m to the lead Registered Provider (RP) once the legal documentation is finalised.
- 9.7 There are small accelerations totalling £0.1m from future years to the Collyhurst Environmental scheme due to increased activity taking place this financial year and also to the PFI Miles Platting Land Assembly due to overage liabilities that have been paid.
- 9.8 The Empty Homes Scheme (Section 22) project to acquire, refurbish and sell empty homes/stock surplus to requirement to first time buyers and owners has been moved to 2019/20 as Manchester are currently working with alternative Registered Providers, meaning new legal agreements are needed. The £2.0m budget has been re-profiled to next year.

- 9.9 A virement of £1.6m from the Strategic Acquisitions Programme to Collyhurst private sector housing projects was approved by Executive in January 2019. Work is not expected to begin until 2019/20 so the budget has been re-profiled.
- 9.10 Collectively the reprofiling of Private Sector Housing budgets in 2018/19 offset to nil.

### Risks

- 9.11 Delays with acquisitions, refurbishment works or sales could potentially result in the Empty Homes Programme being delayed with action needed to minimise the amount of time the Council is responsible for the properties.

## **10 Housing Revenue Account (HRA)**

- 10.1 The Public Sector Housing (HRA) programme is forecasting to spend £16.2m compared to a budget of £24.6m, a variance of £8.4m. Spend to date is £9.7m, or 59.9% of the current forecast. The programme is shown in the table below:

<b>Public Sector Housing (HRA)</b>	<b>18/19 Spend to Date £m</b>	<b>18/19 Budget £m</b>	<b>18/19 Forecast £m</b>	<b>18/19 Variance £m</b>	<b>All Years Budget £m</b>	<b>All Years Forecast £m</b>	<b>All Years Variance £m</b>
Northwards	4.4	17.7	9.5	-8.2	126.9	127.1	0.2
North Manchester New Builds	5.4	6.4	6.4	0.0	20.6	20.6	0.0
Other Projects	0.0	0.5	0.3	-0.2	47.9	47.9	0.0
<b>Total Public Sector Housing (HRA)</b>	<b>9.7</b>	<b>24.6</b>	<b>16.2</b>	<b>-8.4</b>	<b>195.4</b>	<b>195.6</b>	<b>0.2</b>
				<b>Reprofiling</b>			<b>-8.4</b>
				<b>Cost Variations</b>			<b>0.0</b>
				<b>Net over (under) spend</b>			<b>0.0</b>

- 10.2 The Public Sector Housing programme seeks to bring the estate up to and maintain Decent Homes standard including statutory health and safety regulations and the reduction of CO2 emissions.

### Activities

- 10.3 Higher Blackley South external cyclical works completed in December 2018 with costs plans under development for a number of further projects within the overall Northwards programme of works.
- 10.4 On the Northward Housing Programme the target cost report has now been approved and an order raised by the Council for Dam Head Flats. Sprinkler installations have now been approved to proceed and this was endorsed by



Council on 28<sup>th</sup> November 2018. The work will start on site in March 2019. Work is also continuing on sprinkler demonstration flats, open days are ongoing for tenants to view the system and ask any questions. The Newton Heath Troydale Environmental work project is now also completed.

#### Variances – In Year

- 10.5 As outlined above, the planned work on the Northwards Housing Programme relating to high rise blocks and the installation of sprinkler systems will now commence in March 2019 and the £7.5m budget for 2018/19 will now be used in that year.
- 10.6 Start on site for the Dam Head Walk up Flats is now January rather than December 2018 resulting in a small slippage of £0.2m to the next financial year.
- 10.7 There has been £0.2m movement in to 2019/20 on the Collyhurst Estate Regeneration project due to the continued delay in receiving confirmation of funding from Central Government. The Ministry of Housing had previously announced that funding will be provided, but have since requested further information in relation to the Benefit Cost Ratio.
- 10.8 The Collyhurst Highways project will see a minor decreased budget of £0.1m in to 2019/20. This is due to a final account settlement with utilities companies, resulting in a credit to the capital budget. This may be utilised in future years and so has been slipped.
- 10.9 On the Victoria Square lifts project as part of the Northwards Housing Programme additional surveys have revealed damage to the shaft walls. Further, expert, investigation has recommended that a number of remedial actions are required to these areas. This has changed the scope of the works and impacted on the procurement route which has resulted in slippage of £0.2m.
- 10.10 There has been delays with the programme on the phase 2 Homeless Accommodation project Northwards are currently undertaking. One block has been completed to date. Ordinarily tenants remain in-situ, however with this provision tenants are being temporarily decanted to help enable delivery. Therefore, work can only be carried out one block at a time and there is a requirement to move £0.2m budget in to next year.

#### Risks

- 10.11 The Northwards programme relies on the performance of a number of contractors to deliver projects which creates a risk of delays. Ongoing monitoring of performance and regular communication with partners are used to manage risks in these areas.
- 10.12 There are other risks around obtaining listed building consent and planning approvals required for some of the projects.

## 11 Children's Services

11.1 The Children's Services programme is forecasting spend of £31.8m compared to a budget of £45.2m, a variance of £13.4m. Spend to date is £27.3m, or 85.8% of the current forecast. The programme is shown in the table below:

Children's Services	18/19 Spend to Date £m	18/19 Budget £m	18/19 Forecast £m	18/19 Variance £m	All Years Budget £m	All Years Forecast £m	All Years Variance £m
Basic Need and SEND Programme	25.2	40.4	28.5	-11.9	301.0	301.0	0.0
School Maintenance programme	1.8	2.5	2.3	-0.2	18.8	18.8	0.0
Other Projects	0.3	2.3	1.0	-1.3	6.2	6.0	-0.2
<b>Total Children's Services</b>	<b>27.3</b>	<b>45.2</b>	<b>31.8</b>	<b>-13.4</b>	<b>326.0</b>	<b>325.8</b>	<b>-0.2</b>
				<b>Reprofiling</b>			<b>-13.4</b>
				<b>Cost Variations</b>			<b>0.0</b>
				<b>Net over (under) spend</b>			<b>0.0</b>

11.2 The main focus of the children's services programme is to provide additional school places for children across the City and maintain the school buildings. Ensuring that there is investment in modern, energy efficient and high quality education infrastructure which drives reductions in carbon across the estate of schools, 85% of materials are locally sourced and contractors recycle more than 75% of waste products.

### Activities

11.3 Basic Need Funding has been agreed to increase alternate provision through the delivery of a new modular building at the Northridge High School site in East Manchester. Tender documentation has been published on the CHEST to enable the procurement of a contractor. Agreement is being sought from the Schools Organisation Strategy Board to use the remaining School's Maintenance funding to develop the next phase of works. The current timeline for Department for Education (DfE) announcements does not provide the requisite time to develop and deliver schemes during the available summer period.

### Variances – All Years

11.4 The Special Education Needs (SEN) Grant is to support local authorities to invest in creating new school places and improving existing facilities for children and young people aged 0-25 with SEN and disabilities. A business case was submitted to develop a standalone sixth form provision at the Abraham Moss Centre as part of North Ridge Special High School. At present

the programme has an underspend of £0.2m across all years according to the current planned schedule of works.

#### Variances – In Year

- 11.5 The Basic Need and Schools Maintenance budgets have been allocated based on the current programme of works. The projects within the Basic Need Programme have been assessed and some of the final works to some of the school expansions and refurbishments are now expected to complete in early 2019/20, therefore a total of £1.2m has been re-profiled. The total unallocated element of the budgets (£10.8m Basic Need and £0.3m Schools Maintenance) will now be re-profiled to 2019/20.
- 11.6 Within the Basic Need Programme, there is potential budget provision for a new high school (£39.2m) at Matthews Lane to increase the number of secondary places in the central and eastern area of the City. Initial works have been completed on site and the project is currently paused pending a review of the number of school places required in the context of both the Council's Basic Need Programme and the Government's Free School Programme. The project will only progress if Government funding is forthcoming to cover the cost of the scheme and at this stage the budget will be included in the programme.
- 11.7 The Healthy Pupil Capital Funding (HPCF) Grant has been received from the 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. The grant will be built in to the maintenance schemes in 2019/20 so the full budget of £0.3m will need moving to that year.
- 11.8 The Special Educational Needs (SEN) Grant as in 11.4 requires a movement of £0.8m budget in to future years as the majority of construction works will now take place in 2019/20. The projections are based on the current feasibility estimates and will be subject to change as a contractor is appointed and designs are developed.

#### Risks

- 11.9 The DfE have confirmed that Manchester will receive no Education Basic Need funding over the next two financial years. This is due to the level of grant funding received in previous years, but also as a reflection of the significant investment planned in free schools moving forward. Children's Services are awaiting a decision on the next wave of free schools. The statutory duty to provide places belongs to the City Council and the relationship with the DfE is key in ensuring that the free school places are delivered on time in order that the duty can be met.

## **12 ICT Capital Programme**

- 12.1 The ICT programme is forecasting spend of £6.1m against a budget of £8.5m, a variance of £2.4m. Spend to date is £2.0m, or 32.8% of the current forecast. The programme is shown in the table below:

ICT	18/19 Spend to Date £m	18/19 Budget £m	18/19 Forecast £m	18/19 Variance £m	All Years Budget £m	All Years Forecast £m	All Years Variance £m
New Social Care System	0.7	2.0	2.0	0.0	3.2	3.2	0.0
ICT Investment Plan unallocated	0.0	0.5	0.0	-0.5	34.5	34.5	0.0
Other Projects	1.3	6.0	4.1	-1.9	37.4	37.4	0.0
<b>Total ICT</b>	<b>2.0</b>	<b>8.5</b>	<b>6.1</b>	<b>-2.4</b>	<b>75.1</b>	<b>75.1</b>	<b>0.0</b>
				<b>Reprofiling</b>			<b>-2.4</b>
				<b>Cost Variations</b>			<b>0.0</b>
				<b>Net over (under) spend</b>			<b>0.0</b>

- 12.2 The aim of the ICT programme is to reduce key risks, decommission legacy platforms and to create a simpler, more robust, resilient and easier to support environment. The programme will move towards a modern infrastructure whilst adding business value.

#### Activities

- 12.3 A revised ICT structure has been proposed and currently a Head of Enterprise Architecture, a Security and Resilience Manager and a License Manager have all been appointed. The Council's call recording system was also upgraded in December 2018.
- 12.4 ICT have consulted with project sponsors regarding the schemes included within the ICT Plan in order to ratify committed spend against the overall budget allocated for ICT investment. A roadmap is currently being constructed to inform the order and interdependencies of ICT projects. This roadmap will also support allocation of the remaining budget across future years. The Digital Experience Programme will form part of this assessment as it identifies upgrades to infrastructure required to support future developments.
- 12.5 The Public Services Network (PSN) project is continuing with only 5 outstanding Win 2003 servers remaining as at the end of December 2018. The Data Centre Uninterrupted Power Supply (UPS) relocation is practically complete with the last fragment of work involving the removal and recycling of damaged kit from the current data centre which will be aligned with the exit from Sharp.

#### Variations – In Year

- 12.6 The ICT Investment Plan forecast includes unallocated funding which is then provided to projects as the business cases are approved. Based on the



Integrated Working – Gorton Health Hub	0.4	1.4	1.4	0.0	22.8	22.8	0.0
Airport Strategic Investment	124.3	125.0	125.0	0.0	125.0	125.0	0.0
Other Projects	4.1	8.3	7.6	-0.7	26.3	24.8	-1.5
<b>Total Corporate Services</b>	<b>128.8</b>	<b>134.7</b>	<b>134.0</b>	<b>-0.7</b>	<b>174.1</b>	<b>172.6</b>	<b>-1.5</b>
			<b>Reprofiling</b>	<b>-0.3</b>			
			<b>Cost Variations</b>	<b>-0.4</b>			
			<b>Net over (under) spend</b>	<b>0.0</b>			

### Activities

- 13.2 Included in the Corporate Services programme is Gorton Health Hub which will bring together key organisations responsible for tackling worklessness and low skills. This will have a positive impact providing new opportunities for local residents and will contribute to sustainable economic growth by replacing a number of old, poorly maintained and high carbon producing buildings into a more modern, energy efficient purpose built building. The Gorton Hub Pre Contract Service Agreement is being developed to RIBA 4 with the contractor while work to finalise the design is being progressed.
- 13.3 As detailed in the reports to Executive on 18th October 2017, in order to drive further growth, substantial capital expenditure is required at both Manchester and Stansted Airports. Both airports are in the process of commencing terminal transformation projects. The Council are providing a term loan facility as one of the public sector shareholders along with the other District Councils. The second instalment of the Airport Strategic Investment was paid in December 2018.

### Variances – All Years

- 13.4 The capitalisation of community equipment has previously been funded via revenue, however, the service are proposing to utilise the Disabled Facilities Grant for this project for the foreseeable future, leading to an underspend of £1.5m across all years which may be released in the future.

### Variances – In Year

- 13.5 Due to the 2018/19 capitalisation of the community equipment budget which will not be spent as noted in 13.4, there is an in year variance of £0.4m.
- 13.6 Due to slight delays with property agreements and building fit outs for the Phase 1 Implementation – Locality Plan Programme Office works, the project is now expected to finish in 2019/20 and as a result £0.3m has been slipped in to next year.

### Risks

- 13.7 The schemes noted in the table are the large projects within the Corporate Services programme. Due to the size and nature of the schemes, there is a risk of external factors causing delays.

## 14 Capital Programme Re-phasing and Variations 2018/19 to 2023/24

14.1 Based on the monitoring information above, it is proposed that the capital programme budget is re-phased to reflect the planned delivery of projects in 2018/19 to 2023/24. The cumulative impact of these adjustments are shown in the table below:

### *Proposed Capital Programme variations 2018/19 to 2023/24*

	2018/19 £m	2019/20 £m	2020/21 £m	2021/22 £m	2022/23 £m	2023/24 £m	Total Programme £m
Revised Capital Budget (September 18)	600.5	558.7	340.1	202.2	71.2	21.7	1,794.4
Forecast Re-profile	-101.9	-52.8	79.4	42.2	15.8	17.3	0.0
Cost Variations	-4.6	-0.5	-0.4	-0.4	0.0	0.0	-5.9
Proposed Capital Budget (December 18)	<b>494.0</b>	<b>505.4</b>	<b>419.0</b>	<b>244.0</b>	<b>87.0</b>	<b>39.0</b>	<b>1,788.5</b>
<i>Of which:</i>							
Manchester City Council Programme	398.2	358.9	381.1	244.0	87.0	39.0	1,508.3
Programme on behalf of Greater Manchester	95.8	146.5	37.9	0.0	0.0	0.0	280.2

14.2 Further details regarding the proposed adjustments to the programme are given below.

#### *Budget re-profiling:*

14.3 As highlighted in section 3 of this report, various schemes throughout the capital programme are now forecast to be accelerated into 2018/19, or have been moved to 2019/20 or future years. The budgets for these projects will be re-profiled to reflect the changes, and the revised budget profiles are shown at Appendix B.

#### *Virements*

14.4 Various schemes across the programme require virements in 2018/19 and 2019/20, as shown in Appendix A. Virements may be required as cost variations from the original design work occur, or because the method of delivery has changed and projects are combined or split. The reasons for the required virements are:

- ICT - to rationalise unallocated funds across all projects

- Housing Revenue Account – for cost variations across various schemes;
- Private Sector Housing – for cost variations across Collyhurst schemes and;
- Children’s Services – virements are required for cost variations on Basic Need and Maintenance schemes.

- 14.5 The Council is recommended to approve virements over £0.5m within the capital programme as outlined in Appendix A.
- 14.6 The Executive is recommended to approve virements under £0.5m within the capital programme as outlined in Appendix A.
- 14.7 The capital programme is undergoing continuous review to analyse and challenge the current approved spending profiles and updates will be reported to the Executive in the outturn report for 2018/19.
- 14.8 The revised capital budget is reflected in revised prudential indicators, which are reported as part of the Global Revenue Budget Report to Executive.

## 15 Social Value

- 15.1 All capital business cases are required to provide information on social value impact likely to be generated as part of the scheme. These include details of employment of local residents, training of local residents, improvements in key health outcomes, support of community cohesion, improvement in key education outcomes, help to other excluded groups and promoting environmental sustainability. These are considered as part of the scheme approval process via the Checkpoint system. Work is on-going as part of improving overall contract monitoring to review the monitoring of these activities.

## 16 Capital Resources

- 16.1 The capital programme is reviewed on an ongoing basis to confirm the capital resources required to finance 2018/19 capital spend are in place and the future years programme is fully funded. Work will continue to ensure that resources required to finance the capital programme are secured and the level of prudential borrowing remains affordable.
- 16.2 The table below summarises the current funding assumptions, and this will continue to be reviewed for the remainder of the financial year to ensure that the optimum value for money is being achieved through the programme:

*Draft funding position for 2018/19 Capital Programme:*

	<b>Draft Funding £m</b>
Grants	69.6
Contributions	17.4



Capital Receipts	120.5
Revenue Contribution to Capital	17.5
Capital Fund	9.4
Borrowing	258.6
<b>Total</b>	<b>493.0</b>

16.3 The City Treasurer will continue to manage the financing of the programme to ensure the final capital funding arrangements secure the maximum financial benefit to the City Council.

16.4 The requirements of the capital programme over the next five years are significant and both spend and funding streams will require close monitoring, particularly with the level of uncertainty for future funding allocations.

## 17 Key Polices and Considerations

### (a) Equal Opportunities

By investing in building adaptations, access for people with mobility difficulties is made easier.

### (b) Risk Management

The capital programme is based on forecast costs and funding, and as such there are risks to achieving the programme from external factors such as shortage of labour or materials, alongside market risks such as price fluctuations and interest rate charges. The Strategic Capital Board, and associated Portfolio Boards for each part of the programme, are tasked with regular monitoring of costs, delivery, quality and affordability, to help manage and mitigate these risks.

### (c) Legal Considerations

None.