

## **Manchester City Council Report for Resolution**

**Report to:** Executive – 24 July 2019

**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 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 – Hyde Road. A capital budget virement of £1.254m is requested, funded by a transfer from the Highways Investment Plan budget.

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

1. Highways –Residents Parking Schemes (RPZ). A capital budget increase of £0.633m is requested, funded from External Contribution and Parking Reserve.
2. ICT – Early Years and Education Implementation (EYES). A capital budget decrease of £2.248m is requested and approval of a corresponding transfer of £2.248m to the revenue budget, funded by capital fund.
3. ICT – Telephony. A capital budget virement of £0.400m is requested, funded through a transfer from the ICT Investment Plan budget, alongside a capital budget decrease of £1.177m and approval of a corresponding transfer of £1.177m to the revenue budget, funded by capital fund.
4. ICT – Planning, Licensing, Land Charges and Building Control Application. A capital budget decrease of £0.066m is requested and approval of a corresponding transfer of £0.066m to the revenue budget, funded by capital fund.

To note increases to the programme of £0.757m as a result of delegated approvals.

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**Wards Affected:** Various

<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	Contributions to various areas of the economy including investment in ICT services, Housing, and leisure facilities.
A highly skilled city: world class and home grown talent sustaining the city's economic success	Investment provides opportunities for the construction industry to bid for schemes that could provide employment opportunities at least for the duration of contracts
A progressive and equitable city: making a positive contribution by unlocking the potential of our communities	Improvements to services delivered to communities and enhanced ICT services.
A liveable and low carbon city: a destination of choice to live, visit, work	Investment in cultural and leisure services and housing
A connected city: world class infrastructure and connectivity to drive growth	Through investment in ICT and the City's infrastructure of road networks and other travel routes

**Full details are in the body of the report, along with any implications for:**

- Equal Opportunities Policy
- Risk Management
- Legal Considerations

### **Financial Consequences – Revenue**

The recommendations in this report, if approved, will increase the revenue budget by £3.491m as a one-time transfer, funded from a corresponding decrease in the capital budget.

### **Financial Consequences – Capital**

The recommendations in this report, if approved, will decrease Manchester City Council's capital budget by £2.858m, 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 13<sup>th</sup> February 2019 – Capital Strategy and Budget 2019/20 to 2023/24

Report to the Executive 13<sup>th</sup> March 2019 - Capital Programme Update

Report to the Executive 26<sup>th</sup> June 2019 - Capital Programme Update

## **1 Introduction**

- 1.1 This report outlines the requests for changes to the capital budget from 2019/20.

## **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 capital budget were presented to the Executive on 13th February 2019.
- 2.2 The following requests for a change to the programme have been received since the previous report to the Executive on 26th June 2019.
- 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, 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 Highways – Hyde Road Pinch Point scheme. The main scheme objective is to increase the span of a disused railway bridge to accommodate the widening of the A57 Hyde Road. The road is a strategically important trunk road which forms part of the main arterial route network in and out of Manchester City Centre. The road is currently constrained from four lanes to two at this 300m section causing significant congestion and delay particularly at peak times. A capital budget increase of £0.930m is requested in 2019/20, and £0.324m in future years, funded by a transfer of £1.254m from the Highways Investment Plan budget.

## **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 Highways – Residents Parking Schemes. The project is to design and implement four residents parking schemes at the Hathersage Road area in Ardwick, around the North Manchester General Hospital in Crumpsall, St Georges area in Hulme, and in Moss Side and Rusholme. The areas proposed all show signs of parking stress and saturation and the levels of complaints from local residents to find kerb-side space to park is significant. A capital budget increase of £0.476m is requested in 2019/20 and £0.157m in future years, funded from £0.476m External Contribution and £0.157m Parking Reserve.
- 4.3 ICT – Early Years and Education Implementation (EYES). Following a recent procurement of the Education system, Liquidlogic's EYES product was selected and will be implemented through this project. With Liquidlogic also providing the social care system, this provides an opportunity to have a single-view of Manchester's children, better enabling the Children's and Education workforce with the information that they require. A capital budget decrease of £2.248m is requested and approval of a corresponding transfer of £2.248m to the revenue budget, funded by capital fund.
- 4.4 ICT – Telephony. The project will procure and implement a replacement telephony and contact centre service for Manchester City Council. There is no upgrade path for the existing voice system, so replacement is the only way forward to ensure that the Council migrates onto a new, supported, secure and flexible telephony platform. In line with Manchester City Council ICT strategy, the intention is that future telephony provision will be software based where possible to ensure the council implement the most innovative and sustainable technology. A particular benefit identified is that new contact centre services will support flexible working by enabling users to log on from any location. A capital budget decrease of £1.177m is requested and approval of a corresponding transfer of £1.177m to the revenue budget, funded by capital fund. A further capital budget increase of £0.400m is requested, funded by a transfer of £0.400m from the ICT Investment Plan budget.
- 4.5 ICT – Planning, Licensing, Land Charges and Building Control Application. The project will undertake the feasibility work required to develop the procurement specification and go to market to find a suitable supplier for main line of business application to support Planning, Licensing, Land Charges and Building Control. The work will include a discovery exercise across the business to further refine the analysis work that has already been undertaken to support and identify benefits, analyse options, create a proposed delivery plan. A capital budget decrease of £0.066m is requested and approval of a corresponding transfer of £0.066m to the revenue budget, funded by capital fund.
- 4.6 Due to the nature of ICT projects moving away from the traditional hardware based procurements to purchasing software and technology 'as a service' or cloud-based (a term used to describe the delivery of technology services over

the internet rather than from an organisation's own onsite data centre), the Council must reflect this change in how it accounts for the procurement.

Under current accounting guidance cloud-based services are predominantly revenue in nature, and therefore funding for such projects must be transferred to the revenue budget.

## **5 Prudential Performance Indicators**

- 5.1 If the recommendations in this report are approved the General Fund capital budget will decrease by £2.858m, across financial years as detailed in Appendix 1.
- 5.2 This will also result in a decrease in the prudential indicator for Capital Expenditure in corresponding years. Monitoring of all prudential indicators is included within the Capital 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.
- 5.4 The increases to the programme totalling £0.757m as a result of delegated approvals have been included within the prudential indicators.

## **6 Conclusions**

- 6.1 The capital budget of the City Council will decrease by £2.858m, if the recommendations in this report are approved.
- 6.2 The revenue budget of the City Council will increase by £3.491m, funded from a corresponding decrease in the capital budget via Capital fund, if the recommendations in this report are approved.
- 6.3 The capital budget has increased by £0.757m as a result of the delegated approval detailed in Appendix 2.

## **7 Recommendations**

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

## Appendix 1

### Requests for Adjustments to the Capital Budget Provision

Dept	Scheme	Funding	2019/20 £'000	2020/21 £'000	2021/22 £'000	Future £'000	Total £'000
<b>Council Approval Requests</b>							
							0
Highways	Hyde Road (A57) Pinch Point Widening	Borrowing	930	324			1,254
Highways	Highways Investment Budget	Borrowing	-930	-324			-1,254
<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>							
Highways	Residents Parking Schemes	External Contribution	476	0			476
Highways	Residents Parking Schemes	Parking Reserve	0	157			157
ICT	Early Years & Education Implementation	Borrowing reduction, funding switch via Capital Fund	-604	-782	-862		-2,248
ICT	Telephony	Borrowing reduction, funding switch via Capital Fund	-590	-587			-1,177
ICT	Telephony	Borrowing		200	200		400
ICT	ICT Investment Plan	Borrowing		-200	-200		-400
ICT	Planning, Licensing, Land Charges and Building Control Application	Borrowing reduction, funding switch via Capital Fund	-66				-66
<b>Total Executive Approval Requests</b>			<b>-784</b>	<b>-1,212</b>	<b>-862</b>	<b>0</b>	<b>-2,858</b>
<b>Total Budget Adjustment Approvals</b>			<b>-784</b>	<b>-1,212</b>	<b>-862</b>	<b>0</b>	<b>-2,858</b>

## Appendix 2

### Approvals under authority delegated to the Deputy Chief Executive and City Treasurer

Dept	Scheme	Funding	2019/20 £'000	2020/21 £'000	2021/22 £'000	Future £'000	Total £'000
<b>Delegated Approval Requests</b>							
Highways Programme	Section 106 Derwent Avenue Traffic Regulation Order	External Contribution	15	0	0	0	15
Highways Programme	Woodhouse Park Experimental Traffic Regulation Orders	External Contribution	65	0	0	0	65
Neighbourhoods	Active Lifestyle Centre Artificial Grass Pitch Replacement (AGP) Project	External Contribution	198	0	0	0	198
Highways Programme	Sharston Roundabouts A560 Feasibility Study	External Contribution	40	0	0	0	40
Highways	Christie Extension RPZ	External Contribution	61	294	0	0	355
Neighbourhoods	Interactive Football wall Platt Fields	Revenue	8	0	0	0	8
Neighbourhoods	Interactive Football wall Platt Fields	External Contribution	76	0	0	0	76
<b>Total Delegated Approval Requests</b>			<b>463</b>	<b>294</b>	<b>0</b>	<b>0</b>	<b>757</b>