

Manchester City Council
Report for Resolution

Report to: Executive - 11 September 2019

Subject: Capital Programme Update

Report of: Deputy Chief Executive and City Treasurer

Summary

This report informs members of requests to increase the capital programme, seeks approval for those schemes that can be approved under authority delegated to the Executive and asks Executive to recommend to the City Council proposals that require specific Council approval.

Recommendations

1. To recommend that the Council approve the following changes to Manchester City Council's capital programme:
 - (a) Neighbourhoods – Manchester Regional Arena – Indoor and Outdoor Athletics Track Replacement. A capital budget increase of £1.500m is requested, funded from Waterfall Fund.
 - (b) Growth and Development – Acquisition of The Courtyard at Royal Mills. A capital budget virement of £1.850m is requested, funded by a transfer from the Eastern Gateway budget.
 - (c) Public Sector Housing - Fire Risk Assessment work low rise properties. A capital budget virement of £6.606m is requested, funded by a transfer from Northwards Housing Programme budget.
 - (d) Children's Services - Expansion of Dean Trust Ardwick secondary school. A capital budget virement of £3.784m is requested, funded by a transfer from Unallocated Basic Need Grant budget.
2. Under powers delegated to the Executive, to approve the following changes to the City Council's capital programme:
 - (e) Private Sector Housing – Marginal Viability Fund – New Victoria. A capital budget increase of £0.426m is requested, funded by Government Grant (Housing Infrastructure Fund).
 - (f) ICT – Liquid Logic Social Care System. A capital budget virement of £0.492m is requested from the ICT Investment Plan, funded by borrowing.

3. To note increases to the programme of £0.351m as a result of delegated approvals.
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Wards Affected - Various

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| Environmental Impact Assessment - the impact of the decisions proposed in this report on achieving the zero-carbon target for the city |
| All capital projects are reviewed throughout the approval process with regard to the contribution they can make to Manchester being a Zero-Carbon City. Projects will not receive approval to incur costs unless the contribution to this target is appropriate. |

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

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

- Equal Opportunities Policy
 - Risk Management
 - Legal Considerations
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Financial Consequences – Revenue

None.

Financial Consequences – Capital

The recommendations in this report, if approved, will increase Manchester City Council's capital budget by £1.926m 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 13th February 2019 – Capital Strategy and Budget 2019/20 to 2023/24

Report to the Executive 13th March 2019 - Capital Programme Update

Report to the Executive 26th June 2019 - Capital Programme Update

Report to the Executive 24th July 2019 – Capital Programme Update

1.0 Introduction

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

2.0 Background

- 2.1 In February each year, the Executive receives a report on the capital budget for the forthcoming five financial years and approves a series of recommendations to 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 capital programme evolves throughout the financial year, and as new projects are developed they will be reviewed under the current governance framework and recommendations made regarding whether they should be pursued.
- 2.3 The following requests for a change to the programme have been received since the previous report to the Executive on 24th July 2019.
- 2.4 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.
- 2.5 For the changes requested below, the profile of the increase, decrease or virement is shown in Appendix 1 for each of the projects.

3.0 City Council's Proposals Requiring Specific Council Approval

- 3.1 The proposals which require Council approval are those which are funded by the use of reserves above a cumulative total of £2.0m, where the use of borrowing is required or a virement exceeds £0.500m. The following proposals require Council approval for changes to the capital programme.
- 3.2 Neighbourhoods - Manchester Regional Arena – Indoor and Outdoor Athletics Track Replacement. The project will procure and carry out refurbishment works on both the indoor and outdoor athletics tracks at Manchester Regional Arena. Both tracks are at the end of their lifespan following their construction in 2001. The tracks have been well maintained since installation and the normal expected lifespan of both tracks has been exceeded. A capital budget increase of £1.500m is requested, split equally between 2019/20, and 2020/21, funded from the Waterfall reserve.
- 3.3 Growth and Development – Acquisition of The Courtyard at Royal Mills. The acquisition would provide the Council with significant control over the commercial spaces at Royal Mills and enable it to maximise opportunities to support the existing portfolio (both within Royal Mills and across the Ancoats

estate). Given its other interests in the area, the business units would strengthen the Council's position in being able to curate the economic regeneration of the area. A capital budget virement of £1.850m is requested in 2019/20, funded by a transfer from the Eastern Gateway budget.

- 3.4 Public Sector Housing - Fire Risk Assessment work low rise properties. The project will carry out specific fire protection and prevention related work on low rise flats and retirement blocks identified in fire risk assessments completed. The work will ensure compliance with legislation and regulation and will be carried out within specific timescales dependant on the nature and category of the risk. A capital budget virement of £1.356m in 2019/20 and £5.250m in 2020/21 is requested, funded by a transfer from the Northwards Housing Programme budget.
- 3.5 Children's Services - Expansion of Dean Trust Ardwick secondary school. A requirement to create additional secondary capacity for 2020/21 academic year has been identified, this scheme will deliver an additional 150 secondary places at the school to help meet this demand. The work will include creation of a new extension, remodelling of existing accommodation and external works to meet the requirements of a growing school and reconfigured site. A capital budget virement of £1.00m in 2019/20 and £2.784m in 2020/21 is requested, funded by a transfer from the Unallocated Basic Need Grant budget.

4.0 Proposals Not Requiring Specific Council Approval

- 4.1 The proposals which do not require Council approval and only require Executive approval are those which are funded by the use of external resources, 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 Private Sector Housing - Marginal Viability Fund - New Victoria. The scheme will deliver 520 homes in total alongside ground floor commercial use on the New Victoria site, adjacent to Victoria Station. The funding will address the funding gap in infrastructure works across the site, ensuring development is delivered on time. A capital budget increase of £0.426m is requested in 2021/22, funded from government grant.
- 4.3 ICT – Liquid Logic Social Care System. The replacement social care system went live in July 2019. This increase is to capitalise and fund the additional costs incurred of the internal and external resources needed to support the system in going live and other implementation costs, including retaining the project team until later in the year to support business change activities linked to the new system. A capital budget allocation and transfer of £0.492m from the ICT Investment Plan budget is requested, funded by borrowing.

5.0 Prudential Performance Indicators

- 5.1 If the recommendations in this report are approved the General Fund capital budget will increase by £1.926m, 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 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 £0.351m as a result of delegated approvals have been included within the prudential indicators. These are detailed at Appendix 2.

6.0 Contributing to a Zero-Carbon City

- 6.1 All capital projects are reviewed throughout the approval process with regard to the contribution they can make to Manchester being a Zero-Carbon City. Projects will not receive approval to incur costs unless the contribution to this target is appropriate.

7.0 Contributing to the Our Manchester Strategy

(a) A thriving and sustainable city

- 7.1 Contributions to various areas of the economy including investment in ICT services, housing, and leisure facilities.

(b) A highly skilled city

- 7.2 Investment provides opportunities for the construction industry to bid for schemes that could provide employment opportunities at least for the duration of contracts

(c) A progressive and equitable city

- 7.3 Improvements to services delivered to communities and enhanced ICT services.

(d) A liveable and low carbon city

- 7.4 Investment in cultural and leisure services and housing.

(e) A connected city

- 7.5 Through investment in ICT and the City's infrastructure of road networks and other travel routes.

8.0 Key Policies and Considerations

(a) Equal Opportunities

8.1 None.

(b) Risk Management

8.2 Risk management forms a key part of the governance process for all capital schemes. Risks will be managed on an ongoing and project-by-project basis, with wider programme risks also considered.

(c) Legal Considerations

8.3 None.

9.0 Conclusions

9.1 The Capital budget of the City Council will increase by £1.926m, if the recommendations in this report are approved.

9.3 The capital budget has increased by £0.351m as a result of the delegated approval detailed in Appendix 2.

10.0 Recommendations

10.1 The recommendations appear at the front of this report.

Appendix 1

| Requests for Adjustments to the Capital Budget – September 2019 | | | | | | | |
|--|--|----------------------|----------------|----------------|----------------|---------------|--------------|
| Dept | Scheme | Funding | 2019/20 | 2020/21 | 2021/22 | Future | Total |
| | | | £'000 | £'000 | £'000 | £'000 | £'000 |
| Council Approval Requests | | | | | | | |
| Neighbourhood Services | Manchester Regional Arena Track Replacement | Reserves (Waterfall) | 750 | 750 | | | 1,500 |
| Growth and Development | Acquisition of The Courtyard at Royal Mills | Borrowing | 1,850 | | | | 1,850 |
| Growth and Development | Eastern Gateway | Borrowing | (1,850) | | | | (1,850) |
| Public Sector Housing | Fire Risk Assessment work low rise properties | HRA (RCCO) | 1,356 | 5,250 | | | 6,606 |
| Public Sector Housing | Northwards Housing Programme | HRA (RCCO) | (1,356) | (5,250) | | | (6,606) |
| Children's Services | Expansion of Dean Trust Ardwick secondary school | Government Grant | 1,000 | 2,784 | | | 3,784 |
| Children's Services | Unallocated Basic Need Grant | Government Grant | (1,000) | (2,784) | | | (3,784) |
| Total Council Approval Requests | | | 750 | 750 | 0 | 0 | 1,500 |
| Executive Approval Requests | | | | | | | |
| Housing | New Victoria – Marginal Viability Fund | Government Grant | | | 426 | | 426 |
| ICT | Liquid Logic Social Care System | Borrowing | 492 | | | | 492 |
| ICT | ICT Investment Plan | Borrowing | (492) | | | | (492) |
| Total Executive Approval Requests | | | 0 | 0 | 426 | 0 | 426 |
| Total Budget Adjustment Approvals | | | 750 | 750 | 426 | 0 | 1,926 |

Appendix 2

| Approvals under authority delegated to the Deputy Chief Executive and City Treasurer – September 2019 | | | | | | | |
|---|---------------------------------|---|---------|---------|---------|--------|-------|
| Dept | Scheme | Funding | 2019/20 | 2020/21 | 2021/22 | Future | Total |
| | | | £'000 | £'000 | £'000 | £'000 | £'000 |
| <u>Delegated Approval Requests</u> | | | | | | | |
| Highways | Ladybarn District Centre | Government Grant | 112 | | | | 112 |
| Highways | Ladybarn District Centre | Government Grant | 131 | | | | 131 |
| Highways | ITB Minor Works | Government Grant | (91) | | | | (91) |
| Highways | Planned Maintenance | Government Grant | (35) | | | | (35) |
| Highways | Bus Priority – Oxford Road | Government Grant | (5) | | | | (5) |
| Neighbourhood Services | Heaton Park Bowls | Borrowing | 48 | | | | 48 |
| Neighbourhood Services | Parks Development Fund | Borrowing | (48) | | | | (48) |
| Highways | Arena Security Measures | Revenue Contribution (from Parking Reserve) | 197 | | | | 197 |
| Neighbourhood Services | Resident Facing Culture Website | External Contribution | 10 | | | | 10 |
| Neighbourhood Services | Resident Facing Culture Website | Capital Fund | 32 | | | | 32 |
| Total Delegated Approval Requests | | | | 351 | 0 | 0 | 351 |