

Report To:	EXECUTIVE CABINET
Date:	30 August 2017
Executive Member/Reporting Officer:	Cllr Jim Fitzpatrick - First Deputy (Performance & Finance) Ian Duncan– Assistant Director (Finance)
Subject:	CAPITAL MONITORING QUARTER 1 2017/18
Report Summary:	<p>This report summarises the capital monitoring position at 30 June 2017 based on information provided by project managers.</p> <p>The report shows projected capital investment of £70.458m by March 2018.</p> <p>Some schemes will be delivered earlier or later than planned, as set out in the report.</p>
Recommendations:	<p>Members are asked to recommend to Council via Cabinet to APPROVE the following:</p> <ul style="list-style-type: none"> (i) The reprofiling to reflect up to date investment profiles (ii) The changes to the Capital Programme (iii) The updated Prudential Indicator position <p>Members are asked to NOTE:</p> <ul style="list-style-type: none"> (i) The current capital budget monitoring position (ii) The resources currently available to fund the Capital Programme (iii) The current position in regards to compulsory purchase orders (CPOs) and indemnities (iv) The updated capital receipts position (v) The timescales for review of the Council's three year capital programme
Links to Community Strategy:	The Capital Programme ensures investment in the Council's infrastructure is in line with the Community Strategy.
Policy Implications:	In line with Council Policies.
Financial Implications:	These are the subject of the report. In summary:
(Authorised by the Section 151 Officer)	<ul style="list-style-type: none"> • The forecast outturn is £70.458m compared to the project budget of £86.462m. • Re-profiling of £15.584m into the following year(s) to match expected spending profile has been requested. <p>Demand for capital resources exceeds availability and it is essential that those leading projects ensure that the management of each scheme is able to deliver them on plan and within the allocated budget.</p> <p>The Council's three year capital programme for 2017/18 to 2019/20 is currently being reviewed. A revised three year programme will be considered by the Executive in the Autumn to ensure alignment with the Council's priorities.</p>

Legal Implications:
(Authorised by the Borough Solicitor)

It is a statutory requirement for the Council to set a balanced budget. It is important that the capital expenditure position is regularly monitored to ensure we are maintaining a balanced budget and to ensure that the priorities of the Council are being delivered.

Risk Management:

Failure to properly manage and monitor the Council's budget will lead to service failure and a loss of public confidence.

Access to Information:

The background papers relating to this report can be inspected by contacting Heather Green, Finance Business Partner by:



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1. INTRODUCTION

- 1.1 This is the first capital monitoring report for 2017/18, summarising the position as at 30 June. There will be three further monitoring statements during 2017/18. All Capital Monitoring reports are submitted to the Strategic Planning and Capital Monitoring Panel, Executive Cabinet and Overview (Audit) Panel.
- 1.2 The report incorporates an update on major capital schemes and an update on Compulsory Purchase Orders (CPOs), indemnities, and potential liabilities.

2. KEY POINTS

- 2.1 The current forecast is for service areas to have spent £70.458m on capital investment by March 2018, which is £16.004m less than the current programmed spend.
- 2.2 This is detailed in section 3 of the report, explanations are also provided for capital projects with a projected variation of £0.100m or above over the life of the project.
- 2.3 Section 3 also details schemes with an in-year variation in excess of £0.100m and seeks approval to re-profile the capital expenditure of the project. An explanation for the need to re-profile the capital expenditure is also provided.
- 2.4 Table 1 below provides a high level summary of capital expenditure by service area.

Table 1: Overall capital monitoring statement April-June 2017

CAPITAL MONITORING STATEMENT – JUNE 2017				
	Annual Budget	Actual	Projected Outturn	Projected Outturn Variation
	£000	£000	£000	£000
<u>PEOPLE</u>				
Children's	125	72	125	0
Active Tameside	10,174	34	4,975	(5,199)
<u>PLACE</u>				
AIPM	36,964	7,226	32,215	(4,749)
Stronger Communities	454	122	454	0
Development & Investment	3,321	664	1,902	(1,419)
Digital Tameside	1,340	42	1,181	(159)
Education	15,626	1,148	11,294	(4,332)
Engineering Services	10,909	446	10,859	(50)
Environment & Operations	1,250	257	1,204	(46)
Transport	6,289	3,792	6,249	(39)
Exchequer	10	0	0	(10)
Total Services	86,462	13,803	70,458	(16,004)
<u>Corporate and Contingencies</u>				
Corporate resources	4,983	0	0	(4,983)
Longdendale ITS	8,289	0	0	(8,289)
TOTAL	99,733	13,803	70,458	(29,276)

- 2.5 It is proposed that the capital investment programme is re-profiled to reflect current information. Proposed re-profiling of £15.584m into the next financial year is identified within the individual service area tables below.
- 2.6 Table 2 below shows the current Resources funding the 2017/18 capital programme. The resourcing structure, however, is not final and the Assistant Director (Finance) will make the best use of resources available at the end of the financial year.

Table 2: Funding statement 2017/18

Resources	£000
Grants & Contributions	30,137
Revenue Contributions	731
Corporate:	
- Prudential Borrowing	17,323
- Reserves / Capital Receipts	51,542
Total	99,733

3. CAPITAL EXPENDITURE TO DATE AND PROJECTED OUTTURN 2017/18

- 3.1 This section of the report provides an update of capital expenditure to date along with details of re-profiling to be approved in this report and the overall projected outturn position of the Capital projects. Where variances of £0.100m and over are anticipated over the life of the scheme an explanation is also provided.

Education

- 3.2 The table below outlines the projected investment for Education services. An explanation has also been provided for the requested re-profiling.

Table 3: Detail of Education Capital Investment Programme

Education Capital Programme Statement					
Capital Scheme	2017/18 Budget	Actual to date	Projected Outturn	Projected Outturn Variation	Re-profiling to be approved
Unallocated Funding Streams	7,742	36	4,574	(3,168)	(3,080)
Aldwyn Primary Additional Accommodation	2,247	0	1,420	(827)	(827)
Cromwell Enhancements	1,636	0	1,636	0	
Alder Buy Out Fitness Centre	1,000	0	1,000	0	
Primary Capital Programme - Russell Scott	256	0	256	0	
St George's Ce Primary School	197	0	197	0	
Hollingworth Kitchen & Dining Refurbishment (UIFSM 2)	178	6	178	0	
Corrie Primary School Boiler Replacement	126	0	126	0	
Livingstone Remodelling/Extension	125	0	125	0	
Wildbank Primary School - Main Scheme	120	0	120	0	
Waterloo Boiler And Heat Emitters	119	0	0	(119)	

Cromwell M&E Upgrade	114	0	114	0	
Arlies Fan Convectors, Controls And Radiator Covers	110	0	110	0	
Broadoak Primary External Areas	100	0	100	0	
St Anne's Denton Flat Roofs	100	0	100	0	
Broadbent Fold Primary School Boiler And Heater Replacement	97	0	97	0	
St John's CE Dukinfield	92	0	92	0	
Oakdale Primary School Boiler Replacement	84	0	84	0	
St James' CE Ashton - Remodel Main Entrance, Toilets And Admin	73	0	73	0	
St James' Ashton H&S	65	0	65	0	
Buckton Vale Primary School Boiler Replacement	62	0	62	0	
St James' Hattersley - Additional Classroom	60	0	60	0	
Other Minor Schemes	924	1,106	706	(218)	
Total	15,626	1,148	11,294	(4,332)	(3,907)

Table 3b: Education Capital Investment Programme – Re-profiling

Explanation of Re-profiling at Quarter 1			
Service Area	Capital Project	Explanation for Re-profiling	Amount £000
Education	Aldwyn Additional Accommodation	Contractual negotiations are ongoing with a current delay of around one month but there are still a number of outstanding issues to resolve. The Council is currently working on a contingency plan for an alternative route to procurement in case the issues with the TIP cannot be resolved.	(827)
Education	Unallocated Funding Streams	The Council is at the start of its programme to increase secondary school places. This work will be funded from the Basic Need Grant. These additional places are mostly at PFI and Academy schools for the start of the 2018/19 school year and were never going to be delivered this financial year. Feasibility studies and project development are currently underway. The issues for the Council are to secure agreement on the detailed proposals with the schools and ensure the costs represent value for money. It is therefore requested that £3.080m of this funding is re-profiled into 2018/19.	(3,080)

Table 3c: Education Capital Investment Programme – Variation

Explanation of Variation at Quarter 1			
Service Area	Capital Project	Explanation for Variation	Amount £000
Education	Waterloo Boiler and Heat Emitters	All schemes which have not progressed or where there wider issues are being reviewed and other schools are coming forward with higher priority schemes which require investment. The Waterloo scheme will not be progressed and funding will be reallocated to higher priority school condition schemes.	(119)

Children’s Services

3.3 The table below outlines the projected investment for Children’s services. At present no re-profiling is required.

Table 4: Detail of Children’s Services Investment Programme

Children’s Services Capital Programme Statement					
Capital Scheme	2017/18 Budget	Actual to date	Projected Outturn	Projected Outturn Variation	Re-profiling to be approved
Purchase of Two Children’s Homes	125	72	125	0	0
Total	125	72	125	0	0

Stronger Communities

3.4 The table below outlines the projected investment for Stronger Communities. At present no re-profiling is required.

Table 5: Detail of Stronger Communities Capital Investment Programme

Stronger Communities Capital Programme Statement					
Capital Scheme	2017/18 Budget	Actual to date	Projected Outturn	Projected Outturn Variation	Re-profiling to be approved
Supporting customer experience and contact	1	0	1	0	0
Libraries in the 21st century	445	118	445	0	0
Street art in the community	8	4	8	0	0
Total	454	122	454	0	0

Active Tameside

- 3.5 The table below outlines the projected investment for Active Tameside. An explanation has also been provided for the requested re-profiling.

Table 6: Detail of Active Tameside Capital Investment Programme

Active Tameside Capital Programme Statement					
Capital Scheme	2017/18 Budget	Actual to date	Projected Outturn	Projected Outturn Variation	Re-profiling to be approved
Active Tameside Wellness Centre & Wider Investment	10,174	34	4,975	(5,199)	(5,200)
Total	10,174	34	4,975	(5,199)	(5,200)

Table 6b: Active Tameside Capital Investment Programme – Re-profiling

Explanation of Re-profiling at Quarter 1			
Service Area	Capital Project	Explanation for Re-profiling	Amount £000
Active Tameside	Active Tameside Wellness Centre and Wider Investment	The planning application for the Denton Wellness Centre will be submitted in September 2017 with construction programmed to begin in January 2018. The Council will need to pay costs in relation to land transfer, achieving planning permission and a proportion of construction cost from January 2018.	(5,200)

Asset Investment Partnership Management (AIPM)

- 3.6 The table below outlines the projected investment for AIPM. An explanation has also been provided for the requested re-profiling.

Table 7: Detail of Asset Investment Partnership Management (AIPM) capital programme

AIPM Capital Programme Statement					
Capital Scheme	2017/18 Budget	Actual to date	Projected Outturn	Projected Outturn Variation	Re-profiling to be approved
Opportunity Purchase Fund (individual approval required)	500	0	0	(500)	(500)
Mottram Showground	159	1	159	(0)	0
Dukinfield Crematoria clock tower	54	31	55	1	0
Vision Tameside	28,077	7,182	23,837	(4,240)	(4,240)
Public Realm	2,491	12	2,491	(0)	0
Document scanning	158	0	158	0	0

Prep of outline planning applications / review of playing field provision	116	0	116	0	0
Tame Street emergency generators	9			(9)	
Purchase of Freehold, Whitelands Road Ashton	5,399	0	5,399	0	0
Total	36,964	7,226	32,215	(4,749)	(4,740)

Table 7b: AIPM Capital Investment Programme – Re-profiling

Explanation of Re-profiling at Quarter 1			
Service Area	Capital Project	Explanation for Variation	Amount £000
AIPM	Opportunity Purchase Fund	This allocation requires individual bids, No bids are currently anticipated in this financial year.	(500)
AIPM	Vision Tameside	The original expenditure profile for this scheme was based on payments being made at specified milestones throughout the project. The timing of these milestones is now expected to differ from original projections, although the overall timescales for completion of the project have not changed.	(4,240)

Development and Investment

3.7 The table below outlines the projected investment for Development and Investment. An explanation for requested re-profiling is provided below.

Table 8: Detail of Development and Investment Capital Programme

Development and Investment Capital Programme Statement					
Capital Scheme	2017/18 Budget	Actual to date	Projected Outturn	Projected Outturn Variation	Re-profiling to be approved
Ashton Market Hall Incubator Units	3	0	3	0	0
Ashton Old Baths	379	314	379	0	0
Ashton Town Centre And Civic Square	1,560	(2)	300	(1,260)	(1,260)
Disabled Facilities Grants	773	346	773	0	0
Godley Garden Village	259	0	100	(159)	(159)
Godley Hill Development and Access Road	110	0	110	0	(110)
Hyde Town Centre	23	0	23	0	0
Longlands Mill	21	0	21	0	0
St Petersfield	193	6	193	0	0
Total	3,321	664	1,902	(1,419)	(1,529)

Table 8b: Development and Investment Capital Programme – Re-profiling

Explanation of Re-profiling at Quarter 1			
Service Area	Capital Project	Explanation for Re-profiling	Amount £000
Development and Investment	Ashton Town Centre	This project is split into two Phases. Phase 1 is now almost complete. Phase 2 is scheduled to commence in 2018 and be complete in 2019. These timescales are in line with the VTP2 construction programme. The remaining budget therefore needs to be carry forward to contribute towards completing the public realm scheme in front of and around the new Shared Service Centre	(1,260)
Development and Investment	Godley Hill Road	The amount of rephasing is to ensure that the project, currently being developed, can be met from this budget.	(110)
Development and Investment	Godley Garden Village	Consultation work is currently being carried out along with initiatives to develop this grant funded scheme. The likely spend in 2017-18 is £100,000.	(159)

Digital Tameside

3.8 The table below outlines the projected investment for Digital Tameside. An explanation has also been provided for the requested re-profiling.

Table 9: Detail of Digital Tameside Capital Investment Programme

Digital Tameside Capital Programme Statement					
Capital Scheme	2017/18 Budget	Actual to date	Projected Outturn	Projected Outturn Variation	Re-profiling to be approved
Working Differently - IT hardware & software	271	19	271	0	0
ICT - Vision Tameside	822	5	822	0	0
Disaster recovery site	8	0	8	0	0
CCTV Fibre	178	0	20	(158)	(158)
Digital by design	60	18	60	0	0
Total	1,340	42	1,181	(158)	(158)

Table 9b: Digital Tameside Capital Investment Programme – Re-profiling

Explanation of Re-profiling at Quarter 1			
Service Area	Capital Project	Explanation for Re-profiling	Amount £000
Digital Tameside	CCTV Fibre	The CCTV Fibre work is dependent on other fibre infrastructure work which is expected to be completed in early 2018. The CCTV Fibre works are then expected to be completed during 2018/19.	(158)

Engineering Services

3.9 The table below outlines the projected investment for Engineering Services. An explanation has also been provided for the requested re-profiling.

Table 10a: Detail of Engineering Services Capital Investment Programme

Engineering Services Capital Programme Statement					
Capital Scheme	2017/18 Budget	Actual to date	Projected Outturn	Projected Outturn Variation	Re-profiling to be approved
Borough wide minor works	4	0	4	0	
Hospital Parking	950	0	950	0	
Ashton northern bypass - stage 2	100	0	50	(50)	(50)
Pothole funding	7	0	7	0	
Muse developments	15	0	15	0	
Lower Bennett street	16	0	16	0	
Junction improvements on/off at J23 M60	359	0	359	0	
Ashton town centre access improvements	189	0	189	0	
LED street lighting investment	2,305	22	2,305	0	
Highways maintenance funding	2,511	279	2,511	0	
Ashton-Stalybridge cycle route	225	0	225	0	
Denton link road	410	72	410	0	
Challenge funding	1,509	55	1,509	0	
Access to Metrolink Stops	300	0	300	0	
Hattersley Station passenger facilities	732	9	732	0	
Huddersfield narrow canal	325	4	0	(325)	
Ashton canal links	151	1	274	123	

Link to Velodrome	178	0	380	202	
Dukinfield corridor	117	3	170	53	
Whiteacre Road/Curzon Road junction improvements	53	0	0	(53)	
Henrietta St. Ashton	82	0	82	0	
Ashton public realm	300	0	300	0	
Misc schemes	71	0	71	0	
Total	10,908	446	10,859	(50)	(50)

Table 10b – details of Engineering Services Changes

Explanation of Changes at Quarter 1			
Service Area	Capital Project	Explanation for Re-profiling	Amount £000
Engineering Services	Huddersfield Narrow Canal	With the agreement of TfGM the Huddersfield Narrow Canal scheme is no longer taking place and the funding for this scheme has been reallocated to Ashton Canal Links and Link to Velodrome schemes.	(325)
	Ashton Canal Links		123
	Link to Velodrome		202

Environmental Services

- 3.10 The table below outlines the projected investment for Environmental Services. No re-profiling is required at this time.

Table 11: Detail of Environmental Services Capital Investment Programme

Environmental Services Capital Programme Statement					
Capital Scheme	2017/18 Budget	Actual to date	Projected Outturn	Projected Outturn Variation	Re-profiling to be approved
Guide Lane Former Landfill Site	441	243	441	0	0
Retrofit (Basic Measures)	322	0	322	0	0
Carbon Reduction - Invest To Save Schemes Approval Required	311	0	311	0	0
Total	1,074	243	1074	0	0

Operations

3.11 The table below outlines the projected investment for Operations. No re-profiling is required at this time.

Table 12: Details of Operations Capital Investment Programme

Operations Capital Programme Statement					
Capital Scheme	2017/18 Budget	Actual to date	Projected Outturn	Projected Outturn Variation	Re-profiling to be approved
Children's play	20	0	20	0	
Dukinfield park improvements	25	0	0	(25)	
Allotment railings and infrastructure improvement	63	14	63	0	
Sunnybank park - landscaping	2	0	2	0	
Highway replacement tree planting access works	3	0	3	0	
Rocher Vale & Hulmes and Hardy Wood	10	0	10	0	
War memorials	11	0	11	0	
Audenshaw environmental improvements	9	0	9	0	
Tree planting programme	30	0	10	(20)	
Silver Springs infrastructure improvements	2	0	2	0	
Total	176	14	130	(46)	0

Transport

3.12 The table below outlines the projected investment for Transport. No re-profiling is required at this stage.

Table 13: Detail of Transport Capital Investment Programme

Transport Capital Programme Statement					
Capital Scheme	2017/18 Budget	Actual to date	Projected Outturn	Projected Outturn Variation	Re-profiling to be approved
Light vans	39	0	0	(39)	
Procurement of 58 fleet vehicles	933	347	933	0	
Fleet replacement 17/18	2,256	405	2,256	0	
Refuse collection fleet	3,060	3039	3,060	0	
Total	6,289	3,792	6,249	(39)	0

4. COMPULSORY PURCHASE ORDERS, INDEMNITIES AND POTENTIAL LIABILITIES

Redmond Close

- 4.1 The occupants of 22 Redmond Close have voluntarily agreed that the Council can purchase their property.

Denton Link Road

- 4.2 A General Vesting Declaration (GVD) has been executed for land required within the CPO in relation to Denton Link Road and so the Council has now assumed responsibility for the same, by registering its legal title to the land with HM Land Registry.
- 4.3 The Council has completed a variation to the CPO Indemnity and Development Agreement to enable the delivery of the link road.

Hattersley CPO

- 4.4 The Council approved the making of a compulsory purchase order in respect of the one outstanding property in June 2015 in order to facilitate the final phase of the new District Centre for Hattersley and continues to work with its partners, Peak Valley Housing Association and the Homes and Communities Agency. Peak Valley Housing Association have indemnified the Council's CPO costs through a CPO Indemnity Agreement.

5 CHANGES TO THE APPROVED 3 YEAR CAPITAL PROGRAMME

- 5.1 There were no changes to the overall 2017/18 capital programme prior to the end of June 2017. A number of changes to the Education capital programme were agreed in July 2017 and these will be reflected in the quarter 2 monitoring report.
- 5.2 The Council's three year capital programme for 2017/18 to 2019/20 is currently being reviewed and will be considered by the Executive and Strategic Planning and Capital Monitoring Panel in the Autumn to ensure alignment with the Council's priorities.

6. CAPITAL RECEIPTS

- 6.1 With the exception of capital receipts earmarked as specific scheme funding, all other capital receipts are retained in the Capital Receipts Reserve and utilised as funding for the Council's corporately funded capital expenditure, together with any other available resources identified in the medium term financial strategy.

7. PRUDENTIAL INDICATORS

- 7.1 The CIPFA Prudential Code for Finance in Local Authorities was introduced as a result of the Local Government Act (2003) and was effective from 1 April 2004. The Code sets out indicators that must be demonstrated that the objectives of the Code are being fulfilled. The initial Prudential Indicators for 2017/18 and the following two years were agreed by the Council in February 2017. The Capital Expenditure indicator has been updated to reflect the latest position.
- 7.2 The latest Prudential Indicators are shown in **Appendix 1**.

APPENDIX 1

Prudential Indicators

Actuals v limits as at 5th July 2017

	Limit	Actual at 05/07/2017	Amount within limit
	£000s	£000s	£000s
Operational Boundary for External Debt	£211,546	£118,404	-£93,143
Authorised Limit for External Debt	£231,546	£118,404	-£113,143
Upper Limit for fixed	£215,058	£17,915	-£197,143
Upper Limit for variable	£71,686	-£88,505	-£160,191
Capital financing requirement	£215,058	£189,253	-£25,805
Capital expenditure	£99,733	£13,552	-£86,181

Prudential Indicators

Gross borrowing and the capital financing requirement	CFR @ 31/03/17 + increase years 1,2,3	Gross borrowing at 05/07/2017	Amount within limit
	£215,058	£118,404	-£96,654

Maturity structure for borrowing 2017/18

Fixed rate

Duration	Limit	Actual
Under 12 months	0% to 15%	5.30%
12 months and within 24 months	0% to 15%	0.27%
24 months and within 5 years	0% to 30%	0.89%
5 years and within 10 years	0% to 40%	4.37%
10 years and above	50% to 100%	89.18%