

Report To:	STRATEGIC PLANNING AND CAPITAL MONITORING PANEL
Date:	15 March 2021
Reporting Officer:	Kathy Roe, Director of Finance and IT.
Subject	FINANCE & IT CAPITAL PROGRAMME
Report Summary:	This report provides a summary of progress to date in relation to the delivery of the Council's capital investment programme in the Finance and IT Directorate.
Recommendations:	That Strategic Planning and Capital Monitoring Panel be recommended to note the report and the details of the status of the schemes in the programme.
Financial Implications: (Authorised By the Section 151 Officer)	<p>The Finance investment in Manchester Airport is in line with the approved budget and completed in April 2020. Future revenue income will be generated from this investment but no revenue income has been assumed in the MTFP at this stage. This is a long term investment and it was originally envisaged that income would begin to be generated in 2021/22. The impact of COVID-19 is likely to mean that income from this investment will not be generated for a number of years and will be dependent on the speed and scale of recovery in the Aviation Sector.</p> <p>The Digital Tameside Investment programme includes significant grant funding from the Department of Digital, Culture, Media and Sport (DCMS). This grant funding requires the Council to submit quarterly returns to the Department and to comply with the terms and conditions of grant, which is time limited and must be fully expended by the end of March 2021. Failure to progress schemes and drawdown grant within the agreed timescales may result in a loss of available funding.</p> <p>This update report notes that whilst the Covid-19 pandemic had resulted in delays to this scheme of around 3 months, with no extension to the March 2021 deadline, the scheme is on track to complete by March 2021 and in so doing ensuring the grant funding is retained.</p> <p>The current approved capital programme requires a minimum of £21,544k of capital receipts or reserves. Two further earmarked schemes are also expected to be approved requiring a further £2,857k of receipts or reserves. Any additional priority earmarked schemes that are approved by Executive Cabinet will increase the amount of corporate funding needed for the capital programme. The Council currently has £14.953m is capital reserves and the anticipated level of capital receipts is £15.3m based on the disposal of surplus assets approved by Executive Cabinet in September 2020.</p> <p>Earmarked schemes not included on the approved capital programme exceed £40m. Assuming that the planned disposals proceed, there is a forecast balance of £5.8m of capital receipts to fund future earmarked capital schemes, meaning the broader capital ambition of the Council is currently unaffordable until such time as additional capital receipts are generated. The Growth Directorate is reviewing the estate and developing a further pipeline</p>

of surplus sites for disposal. A full refresh of the Capital Programme is to be undertaken alongside this review of the estate. A refreshed and reprioritised Capital Programme will then be proposed for Member approval in Spring or early Summer 2021.

Legal Implications:
(Authorised By Borough Solicitor)

This is a high level monitoring report to provide the Panel with a general overview of the progress being made on these projects and the opportunity to raise any issues with particular regard to the capital spend on these projects to ensure that they remain on time, within budget and still represent good value for the Council.

The projects detailed in this report are also subject to their own due diligence, including procurement advice, governance and decision making which will continue to be subject to Executive decision making to ensure on going transparency and robust governance. Members may find it useful to be provided with high level project plan and timetable for IT capital programme.

Risk Management:

As noted in the report.

Access to Information:

The background papers relating to this report can be inspected by contacting:

Tim Rainey (Assistant Director – Digital Tameside)

Telephone: 0161 342 3299

e-mail: tim.rainey@tameside.gov.uk

Heather Green (Finance Business Partner)

Telephone: 0161 342 2929

e-mail: heather.green@tameside.gov.uk

1 INTRODUCTION

- 1.1 The approved Finance and IT Capital Programme for 2020/21 is £16.712m which includes £13.430m for additional investment in Manchester Airport and £3.282m for Digital Tameside. The Digital Tameside programme includes £1.820m of grant funding from the Department of Digital, Culture, Media and Sport (DCMS).

2 MANCHESTER AIRPORT INVESTMENT

Strategic Investment in Manchester Airport

- 2.1 In February 2019, Executive Cabinet approved a Strategic equity investment in Manchester Airport of £5.6m, as part of a £56m investment with the other 9 GM districts to fund the construction of 7,500 space multi-storey car park. This will be funded by prudential borrowing. The investment was drawn down in three tranches during March (£1.87m in the 2019/20 financial year) and April 2020 (£3.74m in the 20/21 financial year). The investment is expected to generate revenue income through returns of around 3.25% (after taking account of borrowing costs and debt repayment).
- 2.2 It was originally envisaged that this income would begin to be received from 2021/21 onwards, although no amounts are yet assumed in the Medium Term Financial Plan (MTFP). The economic impact of COVID-19 is likely to mean that income from this investment will not be generated for a number of years and will be dependent on the speed and scale of recovery in the Aviation Sector.

Manchester Airport Project Mere

- 2.3 In April 2020, Executive Cabinet approved a further investment of £9.7m in Manchester Airport in the form of an equity loan (Project Mere), which will be funded by prudential borrowing. The investment completed in June 2020 and will generate revenue income through interest earned of 10% per annum.

3 DIGITAL TAMESIDE SCHEMES

Fibre Infrastructure – DCMS Wave 2

- 3.1 A corporately funded capital scheme for Fibre Infrastructure (£1.725m) was approved by the Executive Cabinet in December 2017. Work to construct the resilient figure of 8 fibre network to connect 22 key council sites and a further 30 health sites is now complete and all the connections to council buildings are live and in-use.
- 3.2 A Local Full Fibre Network (LFFN) Grant of £2.262m was also awarded to the council in 2018 by the Department of Digital, Culture, Media and Sport (DCMS) with the intention to both accelerate the deployment of fibre across Tameside and support its commercialisation. The money was to pay for additional fibre cable to be installed around the core figure of 8 network to provide additional capacity, an additional 13.5km of ducting and fibre optic cables to connect high employment and industrial sites across Tameside, contribute towards the costs of a Digital Exchange facility in the new Data Centre being built at Ashton Old Baths and a further 8 mini digital exchanges located across Tameside and finally a new resilient fibre link to Manchester from Tameside. All these works are now complete and grant claims submitted and paid.
- 3.3 In January 2018 the DCMS announced a second round of LFFN funding. Greater Manchester Combined Authority coordinated a pan-Manchester £23.8m bid involving 10 local authorities, Police, Transport for Greater Manchester and Greater Manchester Health & Social Care Partnership with aim of increasing fibre to the premise coverage across Greater Manchester from 2% to 25% by 2020.

- 3.4 The Tameside element of the successful bid is £2.500m and is based on expanding our existing re-use of public assets model, with the further commercialisation through the Digital Cooperative. Working with Network Rail and using their track side troughs, the submission involves expanding the fibre infrastructure to additional sites and public sector buildings in Mossley, Hattersley, Broadbottom, Mottram, Hadfield, Glossop. It also included a stretch of new ducting across Manchester city centre which will link the Tramside from Tameside which terminates at Piccadilly to the new ducting network built by the City Council and onwards to the Oxford Road Corridor fibre network.
- 3.5 Work on the Wave 2 scheme is now around 90% complete, and time lost due to COVID-19 delays has in the main been recovered. That said a significant volume of works is still outstanding and whilst plans are in place to deliver this on-time and on-budget there is little or no “contingency” within the timetable should unforeseen problems occur. there be a severe winter or further national lockdowns affecting the works.

Microsoft Licensing

- 3.6 This scheme is to purchase second-user on premise perpetual licenses for replacement Microsoft desktop Office 2016 and associated software, server operating systems and SQL databases. The initial phase of procurement and design are now completed and many of the licenses relating to the Microsoft Office 2016, the main Data Centre and Disaster Recovery site have been placed and the new software has started to be rolled out across the Councils laptop fleet and server infrastructure.
- 3.7 The roll-out and installation of the new 2016 desktop software was complicated due to lockdown and home working but the upgrading of over 2,800 laptops is now complete. Further upgrades to install the latest Office 365 desktop software will begin in late summer/autumn 2021.
- 3.8 Work upgrading the operating systems on 97 servers and 122 SQL databases is now also well underway, with just 20 servers and associated databases still to be completed.
- 3.9 The disaster recovery site located in the Tameside Hospital Data Centre has also now fully operational. Around 30 systems have been moved out of the temporary Rochdale centre into the DR facility as a stepping stone to moving them into the new Ashton Old Baths Data Centre which is due to be handed over in March 2021. Once the new Data Centre is fully operational and all systems moved into it the DR facility will be then be commissioned. This is expected to be around August 2021.

3 RECOMMENDATIONS

- 3.1 As set out on the front of the report.

Finance Capital Programme							Re-profiled Budgets	
Capital Scheme	2020/21 Budget £000	Future Year Budgets £000	2020/21 Actual to Date £000	2020/21 Projected Outturn £000	2020/21 Projected Outturn Variation £000	Re-profiling to be approved £000	Re-profiled Budgets 2020/21 £000	Future Year Budgets £000
Strategic Investment in Manchester Airport	3,730	0	3,740	3,740	(10)	0	3,730	0
Manchester Airport Project Mere	9,700	0	9,677	9,677	23	0	9,700	0
Total	13,430	0	13,417	13,417	13	0	13,430	0

Digital Tameside Capital Programme							Re-profiled Budgets	
Capital Scheme	2020/21 Budget £000	Future Year Budgets £000	2020/21 Actual to Date £000	2020/21 Projected Outturn £000	2020/21 Projected Outturn Variation £000	Re-profiling to be approved £000	Re-profiled Budgets 2020/21 £000	Future Year Budgets £000
Digital by Design	30	0	10	10	20	-20	10	20
Tameside Digital Infrastructure	68	0	39	43	25	-25	43	25
Laptop Replacement & Windows 10 Deployment	3	0	3	3	0	0	3	0
Microsoft Licencing	1,361	0	1,013	1,049	312	-312	1,049	312
DCMS Fibre- Wave 2	1,820	0	473	1,820	0	0	1,820	0
Total	3,282	0	1,538	2,925	357	-357	2,925	357