

**Report To:** AUDIT PANEL

**Date:** 28 September 2021

**Reporting Officer:** Kathy Roe – Director of Finance

**Subject:** 2021/22 CAPITAL MONITORING REPORT – AS AT MONTH 3

**Report Summary:** This is the first capital monitoring report for 2021/22, summarising the forecast outturn at 31 March 2022 based on the financial activity to 30 June 2021. The detail of this monitoring report is focused on the budget and forecast expenditure for fully approved projects in the 2021/22 financial year.

**Recommendations:** That Audit Panel be recommended to:

- (i) Note the forecast outturn position for 2021/22 as set out in **Appendix 1**.
- (ii) **Approve** the re-profiling of budgets into 2022/23 as set out on page 4 of **Appendix 1**.
- (iii) Note the funding position of the approved Capital Programme as set on page 9 of **Appendix 1**.
- (iv) Note the changes to the Capital Programme as set out on page 10 in Appendix 1
- (v) Note the updated Prudential Indicator position set out on pages 11-12 of Appendix 1, which was approved by Council in February 2021.

**Policy Implications:** Budget is allocated in accordance with Council Policy

**Financial Implications:** Available Corporate Funding for capital investment is currently forecast to be £24.318m, consisting of £8.908m remaining in the Capital Investment reserve plus £15.4m of forecast capital receipts. The current anticipated level of capital receipts is based on the disposal of surplus assets approved by Executive Cabinet in September 2020.

<b>Available Corporate Funding:</b>	£000s
Capital Reserves	£8,908
Anticipated Capital Receipts	£15,410
<b>Total</b>	<b>£24,318</b>
<b>Corporate funding committed to approved schemes:</b>	
2021/22 approved programme	£15,192
2022/23 approved programme	£294
Statutory Compliance earmarked pot	£499
<b>Total</b>	<b>£15,985</b>
<b>Balance of forecast funding available</b>	<b>£8,333</b>

The current approved capital investment programme requires a minimum of £15.985m of capital receipts or reserves. Any additional priority schemes that are approved by Executive Cabinet will increase the amount of corporate funding needed for the capital programme.

After commitments in the approved programme, there is a forecast balance of £8.333m for other priority capital investment. Earmarked schemes previously included on the capital programme (and not

reflected in the figures above) exceeded £40m. With the exception of statutory compliance, all earmarked schemes have now been removed from the programme whilst a review and refresh of Capital Investment proposals is undertaken.

Because demand for capital resources exceeds availability, 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.

Close monitoring of capital expenditure on each scheme and the resources available to fund capital expenditure is essential and is an integral part of the financial planning process. We continue to experience significant delays to a number of projects, resulting in slippage in the programme.

There is very limited contingency funding set aside for capital schemes, and any significant variation in capital expenditure and resources, particularly the delivery of capital receipts, will have implications for future revenue budgets or the viability of future capital schemes.

**Legal Implications:  
(Authorised by the  
Borough Solicitor)**

It is a statutory requirement for the Council to set a balanced budget. It is vital that the capital expenditure position is regularly monitored so as to maintain a balanced budget and ensure that the priorities of the Council are being delivered.

If there are insufficient capital receipts responsible councils should review its capital programme to ensure that expenditure doesn't exceed the available resources. This exercise has been undertaken with Members.

**Risk Management:**

Associated details are specified within the presentation.

Failure to properly manage and monitor the Strategic Commission's budgets will lead to service failure and a loss of public confidence. Expenditure in excess of budgeted resources is likely to result in a call on Council reserves, which will reduce the resources available for future investment. The use and reliance on one off measures to balance the budget is not sustainable and makes it more difficult in future years to recover the budget position.

**Background Papers:**

Background papers relating to this report can be inspected by contacting Caroline Barlow, Assistant Director of Finance, Tameside Metropolitan Borough Council by:



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## **1. BACKGROUND**

- 1.1 This is the first capital monitoring report for 2021/22, summarising the forecast outturn at 31 March 2022 based on the financial activity to 30 June 2021. The detail of this monitoring report is focused on the budget and forecast expenditure for fully approved projects in the 2021/22 financial year.

## **2. CAPITAL PROGRAMME SUMMARY**

- 2.1 The approved budget for 2021/22 is £68.234m (after re-profiling approved at Outturn) and current forecast for the financial year is £66.123m. There are additional schemes that have been identified as a priority for the Council, and where available, capital resource has been earmarked against these schemes, which will be added to the Capital Programme and future detailed monitoring reports once satisfactory business cases have been approved by Executive Cabinet.
- 2.2 The current forecast is for service areas to have spent £66.123m on capital investment in 2021/22, which is £2.111m less than the current capital budget for the year. This variation is spread across a number of areas, and is made up of a number of over/underspends on a number of specific schemes (£1.848m) less the re-profiling of expenditure in some other areas (£0.263m).
- 2.3 Detailed capital update reports for each Directorate area are included on the agenda of the Strategic Planning and Capital Monitoring Panel (SPCMP). This report provides a summary of the financial position against the overall programme but further details on scheme delivery can be found in the Directorate reports to Strategic Planning and Capital Monitoring Panel.

## **3. RECOMMENDATIONS**

- 3.1 As stated on the front cover of the report.