

P3 2022/23 Capital Monitoring



2022/23 P3 Capital Monitoring Report

INTRODUCTION

This is the first capital monitoring report for 2022/23, summarising the forecast outturn at 31 March 2023 based on the financial activity to 30 June 2022.

The detail of this monitoring report is focused on the budget and forecast expenditure for fully approved projects in the 2022/23 financial year. The approved budget for 2022/23 is £44.809m (after re-profiling approved at Outturn) and the current forecast for the financial year is £44.798m. 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.

SUMMARY

Table 1 on the next page provides a high level summary of capital expenditure by service area. The current forecast is for service areas to have spent £44.798m on capital investment in 2022/23, which is £0.011m less than the current capital budget for the year. This variation is spread across the Education and Adults directorates and is made up of variations on a number of specific schemes which are detailed at Appendix 4C and 4F.

Table 2 shows the budgeted resources funding the 2022/23 capital projects by service area. The final resourcing structure will be determined by the Director of Finance, making the best use of resources available at the end of the financial year as part of the year end financing decisions.

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 SPCMP.

2022/23 P3 Capital Monitoring Report

	2022/23 Budget	Actual to 30 June 2022	Projected 2022/23 Outturn	Projected Outturn Variation
	£000	£000	£000	£000
Place: Property, Development and Planning (Appendix 4A)				
Investment & Development	19,599	1,119	19,599	0
Corporate Landlord	4,107	452	4,107	0
Estates	0	0	0	0
Vision Tameside	263	127	263	0
Active Tameside	71	0	71	0
Place: Operations and Neighbourhoods (Appendix 4B)				
Engineers	5,664	(35)	5,664	0
Environmental Services	1,657	45	1,657	0
Transport (Fleet)	542	0	542	0
Stronger Communities	16	0	16	0
Children's (Appendix 4C)				
Education	11,629	1,023	11,627	2
Children	455	0	455	0
Finance & IT (Appendix 4D)				
Digital Tameside	65	4	65	0
Adults (Appendix 4E)				
Adults	741	375	732	9
Total	44,809	3,110	44,798	11

Table 1: Capital Monitoring Statement 2022/23

The current forecast is for service areas to have spent £44.798m on capital investment in 2022/23, which is £0.011m less than the current capital budget for the year. This variation is spread across the Education and Adults directorates and is made up of variations on a number of specific schemes which are detailed at Appendix 4C and 4F.

2022/23 P3 Budgeted Capital Financing

Table 2: Budgeted Capital Financing 2022/23

The final resourcing structure will be determined by the Director of Finance, making the best use of resources available at the end of the financial year as part of the year end financing decisions.

Budgeted Financing for 2022/23	Grants and Contributions	Revenue Contributions	Prudential Borrowing	Reserves & Receipts	Total
	£000	£000	£000	£000	£000
Place: Property, Development and Planning					-
Investment and Development	16,303	127	0	3,169	19,599
Corporate Landlord	3,436	0	0	671	4,107
Estates	0	0	0	0	0
Vision Tameside	0	0	0	263	263
Active Tameside	0	0	31	40	71
Place: Operations and Neighbourhoods					
Engineers	3,643	0	0	2,021	5,664
Environmental Services	246	0	0	1,411	1,657
Transport	0	162	380	0	542
Stronger Communities	0	0	0	16	16
Children's					
Education	11,387	242	0	0	11,629
Children	88	0	0	367	455
Finance					
Digital Tameside	0	0	50	15	65
Adults					
Adults	741	0	0	0	741
Total	35,844	531	461	7,973	44,809

Budgeted Financing for Future Years Approved Schemes

Budgeted Financing for Future Years	Grants and Contributions	Revenue Contributions	Prudential Borrowing	Reserves & Receipts	Total
	£000	£000	£000	£000	£000
Place: Property, Development and Planning					-
Investment and Development	14,232	132	0	1,435	15,799
Corporate Landlord	0	0	0	0	0
Estates	0	0	0	0	0
Vision Tameside	0	0	0	0	0
Active Tameside	0	0	0	0	0
Place: Operations and Neighbourhoods					
Engineers	665	0	0	4,251	4,916
Environmental Services	0	0	0	80	80
Transport	0	0	446	0	446
Stronger Communities	0	0	0	0	0
Children's					
Education	15,831	0	0	0	15,831
Children	0	0	0	0	0
Finance					
Digital Tameside	0	0	260	0	260
Adults					
Adults	456	0	0	0	456
Total	31,184	132	706	5,766	37,788

P3 Programme Summary

TOTAL APPROVED CAPITAL PROGRAMME- JUNE 2022			
	2022/23 Budget (Approved) £000	2022/23 Projected Outturn £000	Future Years Budget (Approved) £000
Place: Property, Development and Planning			
Investment & Development	19,599	19,599	15,799
Corporate Landlord	4,107	4,107	0
Estates	0	0	0
Vision Tameside	263	263	0
Active Tameside	71	71	0
Place: Operations and Neighbourhoods			
Engineering Services	5,664	5,664	4,916
Environmental Services	1,657	1,657	80
Transport	542	542	446
Stronger Communities	16	16	0
Children's			
Education	11,629	11,627	15,831
Children's	455	455	0
Finance & IT			
Digital Tameside	65	65	260
Adults			
Adults	741	732	456
Total	44,809	44,798	37,788

The approved capital programme currently totals £82.597m. The programme will be updated throughout the financial year once changes have been approved by Executive Cabinet.

Changes made to the programme since the last monitoring report are shown on the next page.

Programme Changes & Summary

Changes to the Capital Programme	2022/23	2023/24	2024/25	Total
	£000	£000	£000	£000
Opening 2022/23 Approved Capital Programme	72,217	12	0	72,229
2021/22 Outturn Re-profiling to 22/23	5,988			5,988
Changes Budgets re-phased				
- Corporately rephased budgets exercise	(37,226)	37,226	12	12
Changes per Exec Cabinet 23rd March 2022				
- Decarbonisation of the Public Estate Phase 3 (New Budget)	455			455
- Decarbonisation of the Public Estate (Additional Budget)	60			60
- Retrofit (Reduction in Budget)	(230)			(230)
- Moving with Dignity (Additional Budget)	166	195		361
- School Condition Allocation (Additional Budget)	345			345
- Primary Schools Contribution (Additional Budget)	137			137
Changes per Delegated Decision 5th May 2022				
- Transport 40 New Vehicles	380	446		826
Changes per Delegated Decision 5th May 2022				
- Decarbonisation of the Public Estate 3 (Additional Budget)	2,517			2,517
- Removal of Mottram Showground (OPF)		(103)		(103)
Period 3 Fully Approved Capital Programme	44,809	37,776	12	82,597

Capital Financing

The Council has limited resources available to fund Capital Expenditure. On 29 September 2021, Executive Cabinet approved the allocation of the remaining capital reserves to immediate priorities. No new capital investment will be agreed until the Council has a sustainable medium term financial plan. A further review of Capital Priorities and the affordability of future borrowing to fund Capital Expenditure will be undertaken as part of the 2023/24 budget setting process. No further capital projects will be approved in the short term unless the schemes are fully funded from external sources.

Directorate bids for Capital Investment over the period 2021 to 2026 were submitted in May 2021, with a combined value of £186m. This far exceeded the previously earmarked schemes of approximately £40m, and is not affordable given the revenue pressures currently facing the Council. Discussions with Officers and Members in June 2021 therefore confirmed a number of principles for spending decisions in respect of the Capital Programme:

- Financing of Capital Projects needs to be part of a holistic view of the Council's financial position
- The Council needs a sustainable financial plan before any major commitments are made on Capital Investment
- The revenue budget challenge currently facing the Council means that there should not be any immediate commitment to further use of reserves (beyond that already identified for Capital) or additional borrowing
- A significant number of potential schemes should not proceed without external funding
- The limited resources currently available need to be prioritised and should focus on legal obligations, cost avoidance and invest to save

A number of schemes identified as priority for future investment include revenue generation or invest to save elements, for these schemes borrowing may be appropriate to facilitate investment. Borrowing to fund Capital Investment has revenue consequences as budget is required to fund interest and repayment of loans; therefore any such schemes will need to be subject to full business cases. The Council will need a sustainable financial plan for the revenue budget before any new borrowing commitments are agreed.

No new capital investment will be agreed until the Council has a sustainable medium term financial plan. A further review of Capital Priorities and the affordability of future borrowing to fund Capital Expenditure will be undertaken as part of the 2023/24 budget setting process.

Prudential Indicators

	Limit	Actual	Amount within limit
	£000s	£000s	£000s
Operational Boundary for External Debt	206,642	140,795	(65,847)
Authorised Limit for External Debt	226,642	140,795	(85,847)

- The Authorised Limit for External Debt sets the maximum level of external borrowing on a gross basis (i.e. excluding investments) for the Council.
- The operational boundary for External Debt comprises the Council's existing debt plus the most likely estimate of capital expenditure/financing for the year. It excludes any projections for cash flow movements. Unlike the authorised limit, breaches of the operational boundary (due to cash flow movements) are allowed during the year, as long as they are not sustained over a period of time.
- These limits include provision for borrowing in advance of the Council's requirement for future capital expenditure. This may be carried out if it is thought to be financially advantageous to the Council.

	Limit	Actual	Amount within limit
	£000s	£000s	£000s
Upper Limit for fixed	199,265	17,783	(181,482)
Upper Limit for variable	66,422	(32,177)	(98,599)

- These limits are in respect of the Council's exposure to the effects of changes in interest rates.
- The limits reflect the net amounts of fixed/variable rate debt (i.e. fixed/variable loans less fixed/variable investments). These indicators allow the Council to manage the extent to which it is exposed to changes in interest rates.

	Limit	Actual	Amount within limit
	£000s	£000s	£000s
Capital Financing Requirement	199,265	199,265	-

- The Capital Financing Requirement (CFR) measures the Council's underlying need to borrow for capital purposes, i.e. its borrowing requirement. The CFR is the amount of capital expenditure that has not yet been financed by capital receipts, capital grants or contributions from revenue.
- The CFR increases by the value of capital expenditure not immediately financed, (i.e. borrowing) and is reduced by the annual Minimum Revenue Provision for the repayment of debt.

Prudential Indicators

	Limit	Actual	Amount within limit
	£000s	£000s	£000s
Capital expenditure	87,896	3,110	(84,796)

Gross borrowing and the capital financing requirement	CFR @ 31/03/23 + increase years 1,2,3	Gross borrowing	Amount within limit
	£000s	£000s	£000s
	199,265	140,795	(58,470)

Maturity structure for borrowing 2022/23		
Fixed rate	Limit	Actual
Duration		
Under 12 months	0% to 15%	0.87%
12 months and within 24 months	0% to 15%	2.41%
24 months and within 5 years	0% to 30%	0.39%
5 years and within 10 years	0% to 40%	2.13%
10 years and above	50% to 100%	94.19%

- This is the estimate of the total capital expenditure to be incurred, it includes the approved capital programme and earmarked schemes.
- To ensure that medium term debt will only be for capital purposes, the Council will ensure that the gross external borrowing does not, except in the short term, exceed the total of the capital financing requirement (CFR).
- These limits set out the amount of fixed rate borrowing maturing in each period expressed as a percentage of total fixed rate borrowing. Future borrowing will normally be for periods in excess of 10 years, although if longer term interest rates become excessive and there is a sufficient need for cash, shorter term borrowing may be used. Given current cash levels and the rising interest rate environment, it is unlikely that any changes are made to the debt profile in the near-term.

Appendix 4A - Place: Property, Development and Planning

Development & Investment Capital Programme					
Capital Scheme	2022/23 Budget £000	Future Year Budgets £000	2022/23 Actual to Date £000	2022/23 Projected Outturn £000	2022/23 Projected Outturn Variation £000
Ashton Town Hall	113	0	0	113	0
Stalybridge HAZ	1,593	1,592	691	1,593	0
Ladysmith Cricket Club	40	0	0	40	0
Denton Baths Demolition	62	0	0	62	0
Two Trees Demolition- Capital	4	0	0	4	0
Droylsden Library Relocation - Capital	146	0	5	146	0
Godley Garden Village – Capital	11,207	0	151	11,207	0
Hattersley Station Passenger Facilities	561	0	272	561	0
Leveling Up	5,648	14,207	0	5,648	0
Ashton Old Baths - Phase 3	225	0	0	225	0
Total	19,599	15,799	1,119	19,599	0

Appendix 4A - Place: Property, Development and Planning

Corporate Landlord Capital Programme

Capital Scheme	2022/23 Budget £000	Future Year Budgets £000	2022/23 Actual to Date £000	2022/23 Projected Outturn £000	2022/23 Projected Outturn Variation £000
Decarbonisation of the Public Estate	3431	0	530	3434	0
Retrofit	5	0	(27)	5	0
Statutory Compliance	671	0	(51)	671	0
Total	4,107	0	452	4,107	0

Vision Tameside Capital Programme

Capital Scheme	2022/23 Budget £000	Future Year Budgets £000	2022/23 Actual to Date £000	2022/23 Projected Outturn £000	2022/23 Projected Outturn Variation £000
Vision Tameside	263	0	127	263	0
Total	263	0	127	263	0

Active Tameside Capital Programme

Capital Scheme	2022/23 Budget £000	Future Year Budgets £000	2022/23 Actual to Date £000	2022/23 Projected Outturn £000	2022/23 Projected Outturn Variation £000
Extension to Hyde Leisure Pool	71	0	0	71	0
Total	71	0	0	71	0

Appendix 4B - Place: Operations and Neighbourhoods

Engineers Capital Programme					
Capital Scheme	2022/23 Budget £000	Future Year Budgets £000	2022/23 Actual to Date £000	2022/23 Projected Outturn £000	2022/23 Projected Outturn Variation £000
MCF, Walking , Cycling & Other	1,714	0	24	1,714	0
Bridges, Structures & Inspections	679	0	14	679	0
Other Highways & Town Capital	344	0	37	344	0
Street Lighting	480	0	(109)	480	0
Principal Highways & Town Capital	2,208	0	7	2,208	0
Public Realm	0	4,916	(8)	0	0
Safer Roads	25	0	0	25	0
Flood Prevention & Resilience	214	0	0	214	0
Total	5,664	4,916	(35)	5,664	0

Appendix 4B - Place: Operations and Neighbourhoods

Environmental Services Capital Programme

Capital Scheme	2022/23 Budget £000	Future Year Budgets £000	2022/23 Actual to Date £000	2022/23 Projected Outturn £000	2022/23 Projected Outturn Variation £000
Children's Playground Facilities	421	0	0	421	0
Cemeteries and Crematoria	990	80	35	990	0
Greenspace	246	0	0	246	0
Fairlea, Denton & Greenside Lane, Droylsden - Slope Stability Works	0	0	10	0	0
Total	1,657	80	45	1,657	0

Transport Capital Programme

Capital Scheme	2022/23 Budget £000	Future Year Budgets £000	2022/23 Actual to Date £000	2022/23 Projected Outturn £000	2022/23 Projected Outturn Variation £000
Fleet Replacement 20/21 - 21 Vehicles	162	0	0	162	0
Fleet Replacement 22/23 - 40 Vehicles	380	446	0	380	0
Total	542	446	0	542	0

Community Services Capital Programme

Capital Scheme	2022/23 Budget £000	Future Year Budgets £000	2022/23 Actual to Date £000	2022/23 Projected Outturn £000	2022/23 Projected Outturn Variation £000
Libraries for 21 st Century	16	0	0	16	0
Total	16	0	0	16	0

Appendix 4C - Education

Education Capital Programme					
Capital Scheme	2022/23 Budget £000	Future Year Budgets £000	2022/23 Actual to Date £000	2022/23 Projected Outturn £000	2022/23 Projected Outturn Variation £000
Secondary Schools	4,737	0	812	4,685	52
Primary Schools	2,715	0	207	3,234	(519)
School Minor Works	313	24	0	318	(5)
Devolved Formula Capital	211	0	4	211	0
Unallocated Basic Need	3,000	14,849	0	3,012	(12)
Unallocated School Condition Grant	496	0	0	6	490
Unallocated Health Pupil Capital	0	0	0	0	0
Unallocated Special Provision Capital	2	0	0	6	(4)
Unallocated 2yo Entitlement	155	0	0	155	0
Unallocated High Need Provision	0	958	0	0	0
Unallocated Developer Contribution	0	0	0	0	0
Total	11,629	15,831	1,023	11,627	2

Appendix 4C – Education Projected Outturn Variation

Primary Schools (£519k)

St Anne's Denton - (£120k) - This scheme is to address safeguarding concerns around the entrance to the school and install a disabled toilet facility. There will be an extension to the building to provide a secure entrance, fit for use office accommodation and a disabled toilet. Planning permission was obtained in 2020, the tender returns value exceeds the additional services contract value which means a full design and build contract via the LEP was needed. The scheme has recently been re-tendered and the updated final cost is expected to be £510k. Budget was previously approved for £253k and the school are contributing £137k. £120k will be allocated from School Condition Funding.

Holy Trinity Gee Cross - (£200k) - This scheme is to make repairs to the gable end / roof. Works were originally scheduled for summer 2021 but delayed due to other priority works required at the school. Subsequently following further investigations the adjacent flat roof over the admin and toilet areas was found to be in life-expired state. Given the costs of erecting scaffold to deal with the pitched roof repairs it makes financial sense to schedule all the works at the same time. The scheme also involves replacing original metal windows with double-glazed Upvc windows and complete repointing of the gable end and adjacent areas. Final costs are awaited from the LEP. £70k has previously been approved to deal with the pitched roof repairs over the gable end. The increased scope of the scheme will incur much greater costs currently estimated at £270k. An additional £200k will be added from School Condition funding.

St John's C of E Dukinfield - £161k - This scheme is to complete a major floor replacement in the Early Years area due to significant damp. The pupils will need to be relocated to a mobile block while the work takes place. Overall, the works, mobile hire costs etc. are currently estimated to be £150k. An original estimate of £311k was previously approved as it was then thought that the water ingress issue was more serious. Therefore, £161k is to be re-distributed to other School Condition schemes.

Milton St John's C of E - (£242k) - This scheme is to provide a secure entrance extension. Design works to tender stage have previously been approved and this work is underway. The next stage is to complete the works for the secure entrance extension. As there is an increased allocation of School Condition funding for 2022/23 this would allow this scheme to be carried out in 2022/23. £242k will be added from School Condition Funding.

There are other minor variations below £100k to individual Primary School schemes of (£118k). All Education Capital Schemes are fully funded through grants and contributions from schools.

Unallocated School Condition Grant £490k

An additional £345k of funding for 2022/23 has been announced and £145k of unallocated funding is being re-distributed to schemes as set out the Primary Schools narrative above. This information is included in the update report for the Strategic Planning Capital Monitoring Panel in July 2022.

Appendix 4C – Children’s Social Care

Children’s Capital Programme

Capital Scheme	2022/23 Budget £000	Future Year Budgets £000	2022/23 Actual to Date £000	2022/23 Projected Outturn £000	2022/23 Projected Outturn Variation £000
Respite Unit	367	0	0	367	0
Unallocated Short Breaks	88	0	0	88	0
Total	455	0	0	455	0

Appendix 4D - Finance & IT

Digital Tameside Capital Programme

Capital Scheme	2022/23 Budget £000	Future Year Budgets £000	2022/23 Actual to Date £000	2022/23 Projected Outturn £000	2022/23 Projected Outturn Variation £000
Digital by Design	15	0	1	15	0
Microsoft Office & Server Licencing	50	260	0	50	0
Tameside Digital Infrastructure	0	0	3	0	0
Total	65	260	4	65	0

Appendix 4F - Adults

Adults Capital Programme					
Capital Scheme	2022/23 Budget £000	Future Year Budgets £000	2022/23 Actual to Date £000	2022/23 Projected Outturn £000	2022/23 Projected Outturn Variation £000
Disabled Facilities Grant (Adaptations)	358	0	340	358	0
Housing Assistance	158	0	0	158	0
Moving With Dignity	190	195	35	181	9
Disability Assessment Centre	0	250	0	0	0
Occupational Therapist - Equipment Review	35	11	0	35	0
Total	741	456	375	732	9