

Report To: **STRATEGIC PLANNING AND CAPITAL MONITORING PANEL**

Date: 9 November 2023

Executive Member / Reporting Officer: Cllr Jacqueline North –First Deputy (Finance, Resources & Transformation)
Ashley Hughes – Director of Resources

Subject: **PERIOD 6 2023/24 FORECAST OUTTURN – CAPITAL.**

Report Summary: This report reviews the financial position for the Capital budget, including the forecast outturn position. The Capital programme is forecasting an underspend in-year, with subsequent reprofiling of budgets to future years, of £11.885m. At month 6, £1.024m has been reprofiled from 2024/25 back into 2023/24. The £11.885m of total reprofiling to 2024/25 to date is due to programme rephasing at major projects including Godley Green and Hawthorn’s Special School.

Recommendations: That Strategic Planning and Capital Monitoring Panel NOTES:
1) The reprofiling of £1.024m of capital spend outlined in table 3
2) Other capital changes of £2.316m in table 7.
3) The Capital programme position of projected spend of £46.946m, following Cabinet approval to reprofile project spend of £1.024m from 2024/25.

Policy Implications: Budget is allocated in accordance with Council policy.

Financial Implications: As contained within the report.
(Authorised by the Section 151 Officer & Chief Finance Officer)

Legal Implications: This is an update report only - it does not authorise any decisions or actions. To do that depending on the amount of capital involved will be made via an executive or key decision, which may require recommendations to either Cabinet or Council. Accordingly any intentions or proposal set out in the updates will require governance and cannot rely on a mention in this report and/or appendix setting out updates.
(Authorised by the Borough Solicitor)

Risk Management: Associated details are specified within the report.
Failure to properly manage and monitor the Council’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 Gemma McNamara, Interim Assistant Director of Finance (Deputy 151 Officer):



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1 CAPITAL PROGRAMME

- 1.1 This is the second capital monitoring report for 2023/24, summarising the forecast outturn position at 31 March 2024. This report differs from previous capital monitoring reports as it includes a number of appendices (**Appendices 1 – 9**), which provide updates on the status of every scheme in each service area. This new combined report replaces the previous separate service area updates.
- 1.2 The detail of this monitoring report is focused on the budget and forecast expenditure for fully approved projects in the 2023/24 financial year. In addition to fully approved projects the Programme also includes earmarked schemes, which have been added to the programme but not specifically allocated yet, for example contingency budgets.
- 1.3 The Council's Capital Programme for 2023/24 to 2025/26 contains £118.794m of schemes, of which £113.956m are fully approved and £4.877m are earmarked. A major risk facing the programme is the ongoing inflationary and supply pressures in the construction sector, which limits the affordability of projects. This is worsened where projects are delayed into future years which means the effects of inflation are further magnified.
- 1.4 Table 1 below shows the full Capital Programme by Service area.

Table 1 – Capital Programme 2023/24 – 2025/26

	2023/24	2024/25	2025/26	Earmarked	Total
	£m	£m	£m	£m	£m
Place: Property, Development and Planning					
Development & Investment	14.024	34.702	8.007	1.542	58.275
Corporate Landlord	0.993	-	-		0.993
Vision Tameside	0.073	-	-		0.073
Active Tameside	0.102	-	-		0.102
Place: Operations and Neighbourhoods					
Engineers, Highways & Traffic Management	4.826	-	-		4.826
Operations & Greenspace	1.925	0.116	-		2.041
Waste & Fleet Management	-	0.826	-		0.826
Estates	0.008	-	-	0.095	0.103
Children					
School Related Works	22.318	11.448	-		33.766
Children's Social Care Safeguarding & Quality Assurance	1.322	2.524	-		3.846
Adults Social Care					
Adults Commissioning Service	4.195	6.495	0.020		10.710
Governance					
Governance	0.032	-	-	0.440	0.472
Total Approved	49.818	56.111	8.027	2.077	116.033
Contingency	-	-	-	2.800	2.800
Total	49.818	56.111	8.027	4.877	118.833

- 1.5 This Programme reflects the reprofiling requested in the Period 3 Capital update (£12.908m) along with other approved changes requested in the individual service area reports. A full breakdown of the changes is in the below table:

Table 2 – Changes to the Capital Programme

	2023/24 £m	2024/25 £m	2025/26 £m	Earmarked £m	Total £m
Reprofiling					
Development & Investment					
Public Realm	(4.299)	4.299			-
Godley Garden Village	(5.304)	5.304			-
Waste & Fleet Management					
Fleet Replacement	(0.826)	0.826			-
Children's Social Care Safeguarding & Quality Assurance					
New Children's Home	(1.641)	1.641			-
Adults					
Disabled Facilities Grant (Adaptations)	(0.704)	0.704			-
Extra Care Assistive Technology	(0.134)	0.134			-
Total Reprofiling (P3)	(12.908)	12.908	-	-	-
Other Changes					
Development & Investment					
Levelling Up - Stalybridge	1.900	10.000	8.007		19.907
UKSPF Development and Investment	0.465	0.265	-		0.730
Engineers, Highways & Traffic Management					
Other Highways & Town Capital	0.101	-	-		0.101
Operations & Greenspace					
UKSPF Operations and Greenspace	0.234	0.116	-		0.350
Improvements to Knott Hill & Hartshead Pike	0.175	-	-		0.175
Greenspace	0.146	-	-		0.146
Education					
Primary Schools	0.100	-	-		0.100
Unallocated School Condition Grant	0.151	-	-		0.151
Devolved Formula Capital	(0.074)	-	-		(0.074)
Unallocated High Need Provision	(0.094)	(0.056)	-		(0.150)
Children's Social Care Safeguarding & Quality Assurance					
Family Hub Grant	0.100	0.070	-		0.170
Adults					
Disabled Facilities Grant (Adaptations)	0.249	-	-		0.249
IT System Upgrade	0.039	-	-		0.039
Total Other Changes	3.492	10.395	8.007	-	21.894
Total Changes	(9.416)	23.303	8.007	-	21.894
P3 Programme	59.234	32.808	0.020	4.877	96.939
P6 Programme	49.818	56.111	8.027	4.877	118.833

The total approved budget for 2023/24 is £49.818m, as outlined in Table 3 below.

Table 3 – Capital Expenditure by Service Area

	2023/24 Budget	Actual to Date	Projected Outturn	Projected Outturn Variation	Reprofiling (to) / from future years	Projected Variation after reprofiling
	£m	£m	£m	£m	£m	£m
Place: Property, Development and Planning						
Development & Investment	14.024	1.452	8.502	(5.522)	(1.110)	(4.412)
Corporate Landlord	0.993	0.176	0.992	(0.001)	-	(0.001)
Vision Tameside	0.073	-	0.073	0.000	-	-
Active Tameside	0.102	0.103	0.103	0.001	-	0.001
Place: Operations and Neighbourhoods						
Engineers	4.826	0.463	4.248	(0.578)	(0.564)	(0.014)
Ops & Greenspace	1.925	0.347	1.395	(0.530)	(0.562)	0.032
Fleet Replacement	0.000	-	-	-	-	-
Estates	0.008	0.057	0.057	0.049	-	0.049
Children's Social Care						
Education	22.318	8.850	26.377	4.059	3.610	0.449
Children	1.322	0.041	1.234	(0.088)	(0.088)	-
Resources						
Digital Tameside	-	-	-	-	-	-
Adults Social Care						
Adults	4.195	0.964	3.933	(0.262)	(0.262)	-
Governance						
Governance	0.032	0.029	0.032	0.000	0.000	-
Total	49.818	12.482	46.946	(2.872)	1.024	(3.896)

- 1.6 Services are projecting expenditure of £2.872m less than the current capital budget for the year. Reprofiling of £1.024m has been requested.

Budget reprofiling of projects

- 1.7 Total reprofiling of £1.024m is requested at month 6, as illustrated in table 3. It should be noted that while the net reprofiling is £1.024m, there is movement both to and from the next financial year, with a significant reprofiling of funds into 2023/24 due to Hawthorns Primary progressing faster than previously anticipated. More detailed narratives around the variations are provided below.

Education

Primary Schools

- 1.8 **St Anne's Denton – (£0.410m)** - Following consultation with the school about the affordability of the scheme, the Capital Projects Team are commissioning a re-design of the secure entrance to reduce the cost to within budget. It is not likely that the works will commence in 2023/24 financial year.
- 1.9 **Hawthorns Primary - £4.833m** - Confirmation of the project milestones require budget to be slipped forward as the project expenditure is occurring at a faster pace than originally estimated.

1.10 **Primary Schools, other minor variations – (£0.077m)**

Secondary Schools

1.11 **St Thomas More – (£0.120m)** - A contribution to the sporting facilities scheme at the school was agreed by Executive Cabinet to enable the school to bid for external funding. The outcome of the application will be determined early in 2024. This scheme will move forward in the next financial year once the school has confirmation of awarded funding.

1.12 **Rayner Stephens – (£0.616m)** - A revised scheme of works is being developed as the cost of previous plans exceeded the budget available. As a result, there is likely to be a delay in the expenditure occurring and therefore, budget should be re-phased to 2024/25.

Development and Investment

1.13 **Levelling Up - Ashton – (£1.000m)** - Additional time allowed for consultation and engagement on the Market Square public realm works, which will now start on site by April 2024 following the grant of planning permission in September 2023. A pause on the programme of works to Ashton Town Hall following completion of the intrusive survey works and the associated updates to the cost plan for the full scope of external restoration and roof replacement. The programme of works is currently being reconsidered in the context of the current cost plans and the Council's approach to this building in the long term; this will inform the full scope of works to be undertaken from April 2024. Acquisition of the former bus station site from Transport for Greater Manchester (TfGM) being later than originally programmed. Following Executive Cabinet approval for the acquisition in June 2023, enabling infrastructure works land remediation will take place from April 2024.

1.14 **UKSPF Development & Investment – (£0.110m)** - The Ashton Market Hall proposals are being progressed in line and to compliment the improvement works to Ashton Market Square. Focus has been on securing a planning approval for the Market Square works which was granted permission on 13 September. The Council has undertaken some initial consultation on the scope of works with indoor market traders which has led to a slight change in approach to the design works for the market hall which have been commissioned and it is likely that physical improvement works will take place in the next financial year.

Operations and Greenspace

1.15 **Cemeteries and Crematoria – (£0.478m)** - The budget re-profile is required to deal with any urgent issues/repairs that arise from the roof and spire structural survey. Approval to spend contingent budget on essential repairs will be presented to member for consideration.

1.16 **Other Minor Variations – (£0.084m)**

Engineers

1.17 **Other Highways and Town Capital – (£0.564m)** - The Safe Streets Initiative budget is subject to approval of a governance report currently under consideration. The report sets out the proposed approach to designing and delivering a highways safety programme which involves the procurement of an external highway consultancy service. Based on current governance and procurement timetables it is anticipated that approximately £0.060m will be spent on the development of the programme this financial year. £0.564m is requested to be reprofiled into 2024/2025 for scheme delivery.

Children's Social Care

1.18 **Minor Variations – (£0.088m)**

Adult Services

1.19 **Minor Variations – (£0.262m)**

Full Scheme Variations

1.20 Along with the in-year variations above there are a number of schemes forecasting lifetime

variations as follows:

Education

- 1.21 **Devolved Schools Capital - £0.448m** - Schools undertake their own capital projects which they fund from revenue (as a revenue contribution to capital). At present £0.252m of requests for revenue funded projects have been submitted which need to be added to the Capital Programme. A new funding stream for schools, Connect the Classroom, has been introduced to improve internet speed in schools. To date, Tameside maintained schools have bid and been granted £0.197m to upgrade their networks in 2023/24. This needs to be added to the Capital Programme.

Development and Investment

- 1.22 **Godley Garden Village – (£4.182m) 2023/24 and (£5.304m) 2024/25** - Delays to planning determination, mean that the Council remains in breach of its Housing Infrastructure Funding (HIF) Grant Funding Agreement (GFA) with Homes England. It is now clear that the Council will not be in a position to draw down the full allocation of £10m, prior to the expenditure deadline of March 2024 and, despite best efforts, the project team have been unable to negotiate a further extension to the existing GFA. Homes England has confirmed, in principle, that the £0.720m already drawn down and expended, along with the £0.500m of revenue capacity funding, in preparation the planning application will not be subject to clawback.

Capital Financing

- 1.23 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 further capital projects will be approved in the short term unless the schemes are fully funded from external sources. Any additional priority schemes that are put forward for consideration and that are not fully grant funded will need to be evaluated, costed and subject to separate Member approval. There will be a revenue cost for any new capital schemes that are not fully funded from alternative sources and the implications of this will need to be carefully considered, given the on-going pressures on the revenue budget.
- 1.24 A number of schemes identified as priority for future investment include revenue generation or invest to save elements, where 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, and 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 borrowing commitments are agreed.

Table 4: Financing of the Full Capital Programme

Funding Source	Approved Schemes			Earmarked Schemes	Total
	2023/24	Future Years	Total		
	£000	£000	£000	£000	£000
Grants & Contributions	43,324	57,589	100,913	-	100,913
Revenue Contributions	325	-	325	-	325
Prudential Borrowing	31	2,415	2,446	-	2,446
Receipts & Reserves	6,099	4,134	10,233	4,877	15,110
Total	49,779	64,138	113,917	4,877	118,794

Capital Reserves and Receipts

- 1.25 Capital reserves of £1.511m are available, of this £1.489m related to reserves held for specific schemes, Godley Green Garden Village and Stalybridge Heritage Action Zone. The remaining £0.022m is held in a general capital reserve.

Table 5: Capital Reserves

	Available Capital Reserves
	£000
Specific Capital Reserves	1,489
General Capital Reserve	22
Total Capital Reserves	1,511

- 1.26 The low level of capital reserves is in part consequence of the low level of capital receipts available in prior years. The value of receipts used to finance capital expenditure in the past three years is outlined in the table below:

Table 6: Capital Receipts

	Capital Receipts
Year	£000
2022/23	401
2021/22	476
2020/21	55
Total Capital Receipts	932

- 1.27 Approved and earmarked schemes already in the capital programme for future years are reliant on £15.110m of capital receipts and reserves and therefore securing capital receipts will be vital to ensure the programme can be funded. Careful monitoring of progress in realising capital receipts must be undertaken to ensure that there is timely and pro-active disposal of assets and that the actual receipts are in line with projections.
- 1.28 The latest disposal programme forecasts £21.807m of receipts from 2023/24 to 2025/26. Disposals have been RAG rated to identify the level of risk associated with the realisation of the capital receipt. Of the total anticipated capital receipts in 2023/24, £0.045m has completed, £1.623m is rated as 'green', £3.037m is rated as 'amber' with conditions to be satisfied, and £0.945m is rated as 'red' with significant uncertainty over delivery. There is a further £4.897m of projected capital receipts in 2024/25 and £11.260m in 2025/26. Of the full three year disposal programme, £17.439m is rated amber and £2.721m is rated red.
- 1.29 The failure to deliver these receipts would have an adverse effect on the delivery of the capital programme, meaning either schemes would have to be delayed or alternative financing, such as borrowing, would have to be sought. Borrowing incurs both interest and minimum revenue position (MRP) charges, which would be additional revenue costs to the Council. Although there are currently schemes on the programme to be funded by borrowing (see table 4), these are amongst those requested to be reprofiled into 2024/25 and it is not anticipated that any new borrowing will be taken up in year.

Change Requests

- 1.30 There are a number of requests for changes to scheme budgets outlined in Table 7, below. Further detail on these is provided in the relevant appendices.

Table 7: Change Requests

Service	Scheme	Request ed Change £m
Estates	Mottram Showground	0.049
Engineers	Bee Network	0.363

Engineers	Highway Maintenance	4.501
Development and Investment	UKSPF - Ashton Old Baths	0.793
Development and Investment	Stalybridge HAZ	(0.230)
Development and Investment	Godley Green Garden Village	(9.280)
Development and Investment	Homeless Families	0.328
Ops & Greenspace	S106 - St Peter's Ward	0.040
Ops & Greenspace	S106 - Cheetham Park	0.023
Ops & Greenspace	Cemeteries & Crematoria	0.130
Education	Rayner Stephens (High Needs)	0.107
Education	Corrie Primary	0.418
Education	Cromwell High School	0.002
Education	Schools Direct Revenue Funding	0.252
Education	Connect the Classroom	0.197
Education	Stalyhill Infants	(0.009)
		(2.316)

- 1.31 Further details of all schemes and change requests are found in Appendices 1-19. No appendices have been included for the following schemes as they have completed:

Vision Tameside

- 1.32 **Tameside One Voids – Budget £0.073m**

Work is completed to Tameside One and remaining budget is to fund retention sums

Active Tameside

- 1.33 **Extension to Hyde Leisure Pool – Budget £0.102m**

Project is complete with no further works or spend anticipated.

2. RECOMMENDATIONS

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