

Report to:	BOARD
Date:	6 November 2019
Executive Member/Clinical Lead	Councillor Ryan – Executive Member for Finance & Economic Growth Ashwin Ramachandra – Lead Clinical GP
Reporting Officer:	Kathy Roe – Director of Finance
Subject:	CAPITAL MONITORING PERIOD 6 2019/20
Report Summary:	<p>This report summarises the 2019/20 capital expenditure monitoring position at 30 September 2019, based on information provided by project managers.</p> <p>The report shows projected capital investment in 2019/20 of £55.484m by March 2020. This is significantly less than the original budgeted capital investment as there is a need to transfer £22.890m from 2019/20 into 2020/21.</p>
Recommendations:	<p>Members are asked to approve the following:</p> <ul style="list-style-type: none"> (i) The re-profiling of £22.890m to reflect up to date investment profiles (ii) The changes to the Capital Programme as set out in Appendix 1 (iii) The updated Prudential Indicator position set out in Appendix 5, which was approved by Council in February 2019 (iv) Removal of £0.500m remaining budgets of capital schemes which have come to an end as set out in Appendix 11. <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 updated capital receipts position.
Corporate Plan:	The Capital Programme ensures investment in the Council's infrastructure is in line with the Corporate Plan.
Policy Implications:	In line with Council Policies.
Financial Implications: (Authorised by the statutory Section 151 Officer & Chief Finance Officer)	<p>These are the subject of the report. In summary:</p> <ul style="list-style-type: none"> • The forecast outturn for 2019/20 is £55.484m compared to the 2019/20 revised budget of £76.764m • Re-profiling of £22.890m into future 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>Close monitoring of capital expenditure on each scheme and the resources available to fund capital expenditure is essential and is</p>

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.

Risk Management:

The Capital Investment Programme proposes significant additional investment across the borough. Failure to properly manage and monitor the Council's Capital Investment Programme could lead to service failure, financial loss and a loss of public confidence. We continue to experience delays which have a significant adverse impact on the progression of a number of key schemes, including the Vision Tameside project and a number of key Education programmes to deliver additional school places. Funding of the Capital Programme assumes the realisation of some significant Capital Receipts from land and property sales which if not achieved will require the reassessment of the investment programme.

Background Information:

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

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

1. INTRODUCTION

- 1.1 This is the second capital monitoring report for 2019/20, summarising the forecast outturn based on the financial activity to 30 September 2019.
- 1.2 The detail of this monitoring report is focused on the budget and forecast expenditure for fully approved projects in the 2019/20 financial year. The approved budget for 2019/20 is £76.764m. Additional schemes will be added to future detailed monitoring reports once business cases have been approved by Executive Cabinet.

2. CHANGES SINCE THE LAST MONITORING REPORT

- 2.1 There have been changes to the 2019/20 Capital Programme to the value of £16.536m since the start of the financial year. This includes slippage from Q1 2019/20 of £2.468m. A full breakdown of the changes can be found in **Appendix 1** of this report.

3. SUMMARY

- 3.1 The current forecast is for service areas to have spent £55.484m on capital investment in 2019/20, which is £21.280m 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 additional costs due to overspend against a number of specific schemes (£1.610m) less the re-phasing of expenditure in some other areas (£22.890m). Proposed re-profiling of £22.890m into the next financial year is identified within the individual service area tables in **appendices 2 to 7**.
- 3.2 Table 1 below provides a high level summary of capital expenditure by service area.

Table 1: CAPITAL MONITORING STATEMENT – SEPTEMBER 2019

	2019/20 Budget	Actual to 30 September 2019	Projected 2019/20 Outturn	Projected Outturn Variation
	£000	£000	£000	£000
Growth				
Investment & Development	5,848	1,037	3,100	2,748
Corporate Landlord	421	97	225	196
Estates	114	0	50	64
Operations and Neighbourhoods				
Engineers	13,350	4,467	13,047	303
Vision Tameside	8,708	1,153	3,156	5,552
Environmental Services	3,640	233	2,059	1,581
Transport (Fleet)	260	94	260	0
Stronger Communities	27	0	27	0
Children's				
Education	17,539	2,070	12,850	4,689
Finance & IT				
Finance	5,700	0	5,700	0

Digital Tameside	3,959	999	4,310	(351)
Population Health				
Active Tameside	15,970	5,560	10,360	5,610
Adults				
Adults	1,228	20	340	888
Total	76,764	15,730	55,484	21,280

4. CAPITAL RECEIPTS

- 4.1 With the exception of capital receipts earmarked as specific scheme funding, all other capital receipts are held 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 plan.
- 4.2 A reprioritisation exercise was completed in March 2019 and earmarked schemes have been prioritised. There is a current funding gap of £26m (**Appendix 8**), if all earmarked capital schemes were to be progressed, and this gap will increase further if anticipated receipts are not achieved.
- 4.3 Further information on capital receipts can be found in **Appendix 9**.

5. PRUDENTIAL INDICATORS

- 5.1 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 monitored to demonstrate that the objectives of the Code are being fulfilled.
- 5.2 The initial Prudential Indicators for 2019/20 and the following two years were agreed by the Council in February 2019. The Capital Expenditure indicator has been updated to reflect the latest position.
- 5.3 The latest Prudential Indicators are shown in **Appendix 10**.

6. CAPITAL SCHEMES - NO SPEND

- 6.1 There are a number of schemes which have been monitored over the financial year 2018-19 which have incurred no spend. There have been no requests made to slip these schemes into financial year 2019-20. These schemes totalling £0.500m will now be removed from the capital programme and returned to be used for capital funding and schemes in prioritisation.
- 6.2 A breakdown of the schemes with no spend can be viewed in **Appendix 11**.