

# 2019/20 Capital Programme Outturn Report

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## INTRODUCTION

This is the final capital monitoring report for 2019/20, summarising the outturn position on capital expenditure at 31 March 2020.

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 £42.013m (after re-profiling approved at Period 10) and outturn for the financial year is £37.341m. 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

Service areas have spent £37.341m on capital investment in 2019/20, which is £4.672m 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 (£0.673m) less the re-profiling of expenditure in some other areas (£5.344m).

Key messages at outturn are as follows:

- The variation in Education relates to S106 contributions being drawdown and applied to support on-going Education projects. The variation increases resources available to support Education.
- The overspend in Engineering predominantly relates to additional costs that have been incurred on Hospital car parking construction due to a change to the planning conditions. This resulted in an overspend of £0.172mk in financial year 2019/20, bringing the total expected overspend on this scheme to £0.245m. The shortfall has been funded from the Operations and Neighbourhoods revenue budget.
- An outturn variation of £178k on Vision Tameside relates to capital costs incurred in 19/20 which will be funded by a budget virement from Vision Tameside Public Realm.
- Minor underspends on Digital Tameside schemes which have come to an end can now be returned to corporate funding pot.

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	2019/20 Budget	Outturn	Outturn Variation	Slippage	Variation after Slippage
	£000	£000	£000	£000	£000
<b>Growth</b>					
Investment & Development	3,626	2,693	933	(933)	0
Corporate Landlord	810	933	(123)	123	0
Estates	50	0	50	(50)	0
<b>Operations and Neighbourhoods</b>					
Engineers	9,542	9,583	(41)	(167)	(207)
Vision Tameside	1,706	1,810	(104)	(74)	(178)
Environmental Services	896	496	400	(400)	0
Transport (Fleet)	280	381	(101)	(57)	(44)
Stronger Communities	19	11	8	(8)	0
<b>Children's</b>					
Education	5,958	5,406	552	(785)	(233)
<b>Finance &amp; IT</b>					
Finance	3,733	1,870	1,863	(1,863)	0
Digital Tameside	3,228	1,935	1,293	(1,275)	18
<b>Population Health</b>					
Active Tameside	12,010	12,129	(119)	99	(19)
<b>Adults</b>					
Adults	155	94	61	(69)	(8)
<b>Total</b>	<b>42,013</b>	<b>37,341</b>	<b>4,672</b>	<b>(5,344)</b>	<b>(673)</b>

**Table 1: Capital Outturn Statement 2019/20**

Service areas have spent £37.341m on capital investment in 2019/20, which is £4.672m 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 (£0.673m) less the re-profiling of expenditure in some other areas (£5.344m).

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	2019/20 Re-profile Q1	2019/20 Re-profile Q2	2019/20 Re-profile P10	2019/20 Re-profile Q4
	£000	£000	£000	£000
<b>Growth</b>				
Investment & Development	0	2,748	384	933
Corporate Landlord	0	259	0	(123)
Estates	0	64	0	50
<b>Operations and Neighbourhoods</b>				
Engineering Services	1,695	532	3,694	(167)
Vision Tameside	0	5,552	13	74
Environmental Services	0	1,931	832	400
Transport	0	0	0	57
Stronger Communities	0	0	8	8
<b>Children's</b>				
Education	773	4,667	6,236	785
<b>Finance &amp; IT</b>				
Finance	0	0	1,867	1,863
Digital Tameside	0	639	532	1,275
<b>Population Health</b>				
Active Tameside	0	5,610	(1,650)	(99)
<b>Adults</b>				
Adults	0	888	185	69
<b>Total</b>	<b>2,468</b>	<b>22,890</b>	<b>12,101</b>	<b>5,344</b>

**Table 2: Re-profiling requested into 2020/21**

Re-profiling requests totalling £5,344k include:

- **Investment & Development:** There have been delays across a number of schemes. Ashton Town Hall urgent repair works are not expected to be completed until early in the next financial year, and take up of the new home repair schemes (DFG) has been lower than originally estimated. Further delays have occurred for Ashton Old Baths with initial works planned for March 2020 which have now be delayed.
- **Environmental Services:** Re-profiling predominantly relates to the replacement of Cremators project which was due to commence in March but will now commence in April 2020.
- **Education:** Delays across a number of schemes, with works expected to be completed in 2020/21.
- **Finance:** The second tranche of the Manchester Airport investment drawdown was due to take place in March but instead has been paid in April 2020.
- **Digital Tameside:** The order for Microsoft licensing purchases has been placed but this was delayed and expenditure will not occur until 2020/21. DCMS Fibre Wave 2 funding was approved in January 2020. This work is a little behind the initial projections and will be completed by the end of Q2 20/21.

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## Table 3A: Capital Financing 2019/20

	Borrowing	Grants	Contributions	Revenue Contribution	Capital Receipts & Reserves	Total
	£000	£000	£000	£000	£000	£000
<b>Growth</b>						
Investment & Development		2,511			182	2,693
Corporate Landlord Estates		35			899	933
<b>Operations and Neighbourhoods</b>						
Engineers		2,418	69	199	6,896	9,583
Vision Tameside		153			1,657	1,810
Environmental Services			6		490	496
Transport (Fleet)	57			324		381
Stronger Communities					11	11
<b>Children</b>						
Education		4,045	1,074	287		5,406
<b>Finance &amp; IT</b>						
Finance	1,870					1,870
Digital Tameside		800			1,135	1,935
<b>Population Health</b>						
Active Tameside	10,263	1,554	27	29	257	12,129
<b>Adults</b>						
Adults		86		8		94
<b>Total</b>	<b>12,190</b>	<b>11,602</b>	<b>1,175</b>	<b>848</b>	<b>11,527</b>	<b>37,341</b>

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**Table 3B: Capital Financing 2019/20**

Resources	£000
Grants & Contributions	12,776
Revenue Contributions	848
<b>Corporate:</b>	
- Prudential Borrowing	12,190
- Receipts	10,059
- Reserves	1,468
<b>Total</b>	<b>37,341</b>

The financing of the 2019/20 Capital Outturn is determined by the Director of Finance based on planned financing and the availability of Capital Receipts. The financing of the Capital Programme seeks to maximise funding from external Grants and Contributions, and other funding sources being utilised where external funding has been exhausted. Revenue contributions to capital expenditure are minimal and tend to reflect service are contributions to scheme overspends or school contributions to capital expenditure in schools where capital grants have been fully utilised.

Funding from prudential borrowing is limited to those schemes where the investment is considered to be self financing or where the investment is instead of other forms of external borrowing such as transport leasing schemes. Prudential borrowing has revenue budget implications resulting from the requirement to pay interest costs and to make provision for the repayment of loans.

Funding of Capital Investment from reserves and receipts remains a significant source of funding for the Council.

In the two years from 1 April 2017 to 31 March 2019, the Council funded £52.953m of capital expenditure from the Capital Investment Reserve and £7.728m from Capital Receipts.

After financing 2019/20 expenditure from £10.059m of Capital Receipts and £1.694m from the Capital Investment Reserve, the Council is left with a balance of £14.953m for future investment before any additional capital receipts.

The 2020/21 approved capital programme requires capital receipts and reserves of £18.792m to be delivered in full, before taking account of any overspends or additional budget requirements. There is a further £33.2m of earmarked schemes which are currently predicated on capital receipts or reserves.

Capital Receipts	£000s
Balance at 1 April 2019	533
2019/20 Asset Disposal Proceeds	9,791
2019/20 Asset Disposal Costs	(265)
Financing 2019/20 Capital Expenditure	(10,059)
<b>Balance at 31 March 2020</b>	<b>0</b>

Capital Investment Reserve	£000s
Balance at 1 April 2019	16,287
Financing 2019/20 Capital Expenditure	(1,468)
2019/20 Vision Tameside Project Costs	(226)
<b>Balance at 31 March 2020</b>	<b>14,593</b>

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## CAPITAL PROGRAMME – FUTURE YEARS

Approved schemes in 2020/21 have a total budget of £65.9m and require corporate funding from capital receipts or reserves of £18.792m before any cost pressures and scheme amendments. There is a balance on the Capital Investment Reserve at 31 March 2020 of £14.593m and therefore if the 2020/21 capital programme is to be delivered in full, planned capital receipts must be realised. The current and forecast economic conditions arising from the COVID-19 pandemic increase the risk that capital receipts may not be realised or that values will be diminished.

Fully Approved Schemes	Budget	Proposed Financing		
	2020/21 £	Grants & Contributions £	Borrowing £	Receipts & Reserves £
<b>Growth</b>				
Development and Investment	17,031	13,156		3,874
Corporate Landlord	136	274		(139)
Estates	114			114
<b>Operations and Neighbourhoods</b>				
Engineering Services	10,496	6,101		4,395
Vision Tameside	5,792	1,363		4,429
Environmental Services	3,642	235		3,407
Transport	2,349		2,349	
Stronger Communities	16			16
<b>Children</b>				
Education	13,955	13,955		
Children	400			400
<b>Finance &amp; IT</b>				
Finance	3,730		3,730	
Digital Tameside	3,282	1,850		1,432
<b>Population Health</b>				
Active Tameside	3,861	10	2,987	863
<b>Adults</b>				
Adults	1,142	1,142		
<b>Total</b>	<b>65,944</b>	<b>38,086</b>	<b>9,066</b>	<b>18,792</b>

Approved schemes in 20/21 requiring funding from receipts or reserves include:

- Development and Investment: Ashton Town Hall Envelope works and Ashton Old Baths Data Centre. Work is in progress and contractually committed.
- Engineering Services: TAMP investment and LED Street Lighting Scheme
- Vision Tameside Public Realm and Ashton Town Centre Civic Square
- Environmental Services: Replacement of Cremators and Embankment works, both already in progress and contractually committed.
- Digital Tameside: Microsoft Licensing, essential for business continuity.
- Active Tameside: Contribution to Hyde Pool scheme.

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Without further capital receipts, there is insufficient funding for the fully approved schemes.

Earmarked schemes requiring funding from receipts or reserves include:

- Children's Services Estate
- Ashton Town Hall main scheme
- TAMP Investment
- Refurbishment of Capital Assets, including contributions to Stalybridge Heritage Action Zone
- Droylsden Library
- Hyde Town Hall Roof
- Health Hubs

All Schemes	Budget	Budget	Proposed Financing		
	Approved Schemes £	Earmarked Schemes £	Grants & Contributions £	Borrowing £	Receipts & Reserves £
<b>Growth</b>					
Development and Investment	17,031	9,630	13,156		13,504
Corporate Landlord Estates	136	7,289	274		7,150
	114	1,400			1,514
<b>Operations and Neighbourhoods</b>					
Engineering Services	10,496	12,250	6,101		16,645
Vision Tameside	5,792		1,363		4,429
Environmental Services	3,642	700	235		4,107
Transport	2,349			2,349	
Stronger Communities	16	200			216
<b>Children</b>					
Education	13,955		13,955		
Children	400	550			950
<b>Finance &amp; IT</b>					
Finance	3,730	500		3,730	500
Digital Tameside	3,282		1,850		1,432
<b>Population Health</b>					
Active Tameside	3,861		10	2,987	863
<b>Adults</b>					
Adults	1,142	12,700	1,142	12,000	700
<b>Total</b>	<b>65,944</b>	<b>45,219</b>	<b>38,086</b>	<b>21,066</b>	<b>52,011</b>