

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

**Date:** 6 July 2020

**Reporting Officer:** Kathy Roe, Director of Finance and IT.

**Subject** **FINANCE & IT CAPITAL PROGRAMME**

**Report Summary:** This report provides a summary of progress to date in relation to the delivery of the Council's capital investment programme in the Finance and IT Directorate.

**Recommendations:** To note the report and the details of the status of the schemes in the programme.

**Financial Implications:**  
**(Authorised By the Section 151 Officer)**

The Finance investment in Manchester Airport is in line with the approved budget and completed in April 2020. Future revenue income will be generated from this investment but no revenue income has been assumed in the MTFP at this stage. This is a long term investment and it was originally envisaged that income would begin to be generated in 2021/22. The impact of COVID-19 is likely to mean that income from this investment will not be generated for a number of years and will be dependent on the speed and scale of recovery in the Aviation Sector.

The Digital Tameside Investment programme includes significant grant funding from the Department of Digital, Culture, Media and Sport (DCMS). This grant funding requires the Council to submit quarterly returns to the Department and to comply with the terms and conditions of grant, which is time limited and must be fully expended by the end of March 2021. Failure to progress schemes and drawdown grant within the agreed timescales may result in a loss of available funding. This update report notes that the Covid-19 pandemic has resulted in delays to this scheme of around 3 months. No extension to the March 2021 deadline has yet been announced by DCMS and therefore plans need to be in place to ensure this scheme progresses quickly. Without any extension from DCMS there is a risk that some grant funding may be lost.

The Council's capital programme ambition is currently unsustainable. The current committed programme requires £18.8m of corporate resources, with only £14.6m available in reserves, leaving a £4.2m shortfall which needs to be met from the proceeds from the sale of surplus assets. Whilst this report is not identifying significant cost pressures at this stage, incremental cost pressures across a number of schemes will soon result in substantive additional resource requirements. Any cost pressures arising as a result of Covid-19 or other factors will increase the resources needed to deliver the approved programme, and the current shortfall of £4.2m will increase.

The broader ambition of the Council points to a further requirement of £33.2m of corporate funding to pay for

schemes identified as a priority and subject to future business cases. Clearly these will be unable to progress until additional capital receipts are generated. The Growth Directorate are reviewing the estate and developing a pipeline of surplus sites for disposal.

**Legal Implications:**  
**(Authorised By Borough Solicitor)**

This is a high level monitoring report to provide the Panel with a general overview of the progress being made on these projects and the opportunity to raise any issues with particular regard to the capital spend on these projects to ensure that they remain on time, within budget and still represent good value for the Council.

The projects detailed in this report are also subject to their own due diligence, including procurement advice, governance and decision making which will continue to be subject to Executive decision making to ensure on going transparency and robust governance.

**Risk Management:**

As noted in the report.

**Access to Information:**

The background papers relating to this report can be inspected by contacting:

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## **1 INTRODUCTION**

- 1.1 The approved Finance and IT Capital Programme for 2020/21 is £7.012m which includes £3.730m for additional investment in Manchester Airport and £3.282m for Digital Tameside. The Digital Tameside programme includes £1.820m of grant funding from the Department of Digital, Culture, Media and Sport (DCMS).

## **2 MANCHESTER AIRPORT CAR PARK INVESTMENT**

- 2.1 In February 2019, Executive Cabinet approved an equity investment of £5.6m in a £56m investment with the other 9 GM districts at Manchester Airport to fund the construction of a 7,500 space multi-story car park. This will be funded by prudential borrowing. The investment was drawn down in three tranches during March and April 2020 by the airport. The investment is expected to generate revenue income through returns of around 3.25% (after taking account of all borrowing costs and debt repayment).
- 2.2 It was originally envisaged that this income would begin to be received from 2021/22 onwards, although no amounts are yet assumed in the Medium Term Financial Plan (MTFP). The economic impact of COVID-19 is likely to mean that income from this investment may not be in line with previous assumptions and will be dependent on the speed and scale of recovery in the Aviation Sector.

## **3 DIGITAL TAMESIDE SCHEMES**

### **Fibre Infrastructure – DCMS Wave 2**

- 3.1 A corporately funded capital scheme for Fibre Infrastructure (£1.725m) was approved by the Executive Cabinet in December 2017. Work to construct the resilient figure of 8 fibre network to connect 22 key council sites and a further 30 health sites is now complete and all the connections to council buildings are live and in-use.
- 3.2 A Local Full Fibre Network (LFFN) Grant of £2.262m was also awarded to the council in 2018 by the Department of Digital, Culture, Media and Sport (DCMS) with the intention to both accelerate the deployment of fibre across Tameside and support its commercialisation. The money was to pay for additional fibre cable to be installed around the core figure of 8 network to provide additional capacity, an additional 13.5km of ducting and fibre optic cables to connect high employment and industrial sites across Tameside, contribute towards the costs of a Digital Exchange facility in the new Data Centre being built at Ashton Old Baths and a further 8 mini digital exchanges located across Tameside and finally a new resilient fibre link to Manchester from Tameside. All these works are now complete and grant claims submitted and paid.
- 3.3 In January 2018 the DCMS announced a second round of LFFN funding. Greater Manchester Combined Authority coordinated a pan-Manchester £23.8m bid involving 10 local authorities, Police, Transport for Greater Manchester and Greater Manchester Health & Social Care Partnership with aim of increasing fibre to the premise coverage across Greater Manchester from 2% to 25% by 2020.
- 3.4 The Tameside element of the successful bid is £2.500m and is based on expanding our existing re-use of public assets model, through the Digital Cooperative. Working with Network Rail and using their track side troughs, the submission involves expanding the fibre infrastructure to additional sites and public sector buildings in Mossley, Hattersley, Broadbottom, Mottram, Hadfield and Glossop.
- 3.5 Work on the Wave 2 scheme is underway with around 20% completed but progress has been significantly hampered due to the COVID-19 lockdown. To date around 3 months

have been lost which means activity must ramp up over the remaining 3 quarters of this financial year to ensure all works are complete before the 31 March 2021 deadline.

- 3.6 In view of the COVID impact it is possible that the DCMS and Treasury will announce that works can run in the next financial year, however this has not been confirmed so plans to ensure all works are completed by the 31 March deadline are being put in place. This will mean some works will need to be sub-contracted to external companies. Should this be the case these works will be via the existing Civil Engineering Small Works contract. This will be delivered within the existing resources

### **Microsoft Licensing**

- 3.7 This scheme is to purchase second-user on premise perpetual licenses for replacement Microsoft desktop Office 2016 and associated software, server operating systems and SQL databases. The initial phase of procurement and design are now completed and many of the licenses relating to the Microsoft Office 2016, the main Data Centre and Disaster Recovery site have been placed and the new software has started to be rolled out across the Councils laptop fleet and server infrastructure.
- 3.8 The roll-out and installation of the new software has been complicated by the lockdown and home working. The upgrading of over 2,800 laptops must now be done remotely with the software being installed onto devices which are connected over relatively slow home broadband connections. It is also important to ensure that during this process we minimise disruption to staff so they can continue work from home. Training materials, guides and FAQ's are being developed to help staff with the transition to the new software. The upgrade across the entire fleet of laptops will be complete by late summer.
- 3.9 Work upgrading the operating systems on 97 servers and 122 SQL databases in the main datacentre in Rochdale is now also underway. However once again this work has been further complicated because it is being done remotely which brings with it different challenges.
- 3.10 The final elements of the software refresh including the project to upgrade to the main Exchange email system, Active Directory system and commissioning the Disaster recovery site are currently being initiated and will be completed in late summer/early autumn.

## **3 RECOMMENDATIONS**

- 3.1 As set out on the front of the report.