

APPENDIX 4: Capital Programme Review 2020/21 & Future Years

INTRODUCTION & CURRENT CONTEXT

The Council maintains a Capital Programme which currently covers the period 2019/20 to 2021/22. This was originally established in October 2017 and is updated annually during the budget process in February and quarterly during the year.

A critical source of funding required to finance the Capital Programme is Capital Receipts from the sale or disposal of Council owned land and buildings. Other sources of finance available include Government Grants, Borrowing, Capital Reserves and Revenue financing (although due to increasing pressures on revenue budgets, this is no longer viable in many cases).

The original Capital Programme agreed in 2017 was predicated on £57m of capital receipts, this is proving to be challenging to achieve which, together with other factors including Covid-19 has resulted in the Council's capital programme ambition becoming unsustainable.

It is important to note that there have been a number of major additions to the programme over the last 3 years which were identified as high priority, these are summarised on the next slide in **Table 1**

As at June 2020 the Programme has a total value of **£111.9m** including both fully approved (£66.8m) and earmarked schemes (£45.1m)

The **Approved** schemes currently in the capital programme require £18.9m of corporate resources,. The Council has capital reserves of £14.6m . This leaves a shortfall of £4.3m which needs to be met from the proceeds from the sale of surplus assets. A summary of the current capital financing is shown in **Table 2**.

In addition, corporate funding would also be required to finance the **Earmarked** schemes, all of which were previously identified as a priority and subject to future business cases. It should be noted however, that many of these schemes were identified in 2017 and therefore should be the subject of a detailed review and reprioritisation. A summary of the Earmarked Schemes is included within this report for reference purposes in **Table 3**.

Further capital receipts must be generated to fund the approved programme. The earmarked schemes 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. It should be noted that demolition costs are likely to be incurred before certain sites are able to be disposed of, and this will create a further pressure of the capital programme in the short to medium term.

Any further 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 £4.3m is likely to increase.

Table 1 - Major Additions requiring Corporate Funding since 2017/18

Scheme Name	(£'000)
Refurbishment Of Ashton Town Hall (Earmarked)	3,300
ICT Devices (Approved)	3,000
Vision Tameside (Approved)	11,116
Replacement Cremators (Approved)	2,500
Fairlea Denton and Greenside Lane Droylsden (Approved)	600
Ashton Old Baths Annex (Approved)	1,919
Hyde Pool (Approved)	938
Total	23,373

Table 2 -Capital Financing

	(£'000)
Total Approved Schemes Requiring Corporate Funding	66,787
Scheme Financing	
Capital Reserve	14,593
Borrowing	10,428
Contribution	309
Grants	37,178
**Capital Receipts Required to fund Approved Schemes	4,279
Total Funding	66,787

	(£'000)
Earmarked Schemes (as per approved capital programme)	45,116

All Earmarked Schemes currently require Corporate financing for which there are insufficient levels of Capital Receipts currently identified.

In light of this, a full review and reprioritisation exercise of all Earmarked Schemes is required urgently. **Members are asked to approve a pause on all earmarked schemes and support a full review and re-prioritisation of the future Capital Programme, to be concluded alongside the Growth Directorate's review of the estate and identification of surplus assets for disposal.**

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Table 3 - Earmarked Schemes

Directorate	Scheme Name	Estimated Cost (£'000)
Operations & Neighbourhoods	Tameside Highways Asset Management Plan	12,000
Operations & Neighbourhoods	Borough Gateways	300
Growth	Refurbishment of Ashton Town Hall	9,630
Adults	Union Street Health Hub	5,500
Adults	Denton Festival Hall Health Hub	3,500
Adults	Care Together Digital Funding	3,000
Growth	Property- Refurbishment of Capital Assets	2,500
Growth	Hyde Indoor Market Redevelopment	2,500
Growth	Property Assets Statutory Compliance	728
Growth	Pension Fund Building (Droylsden Library)	1,400
Growth	Hyde Town Hall Roof	1,300
Childrens	New Children's Home	508
Adults	A&E Streaming	700
Finance	Asset Management Software	500
Growth	Ashton Library	200
Operations & Neighbourhoods	CCTV	200
Operations & Neighbourhoods	Parking Enforcement System Upgrade	200
Operations & Neighbourhoods	Woodend Mill Chimney	200
Operations & Neighbourhoods	Crowded Places Pedestrian Safety	250
Total		45,116