

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

**Date:** 14 December 2020

**Executive Member / Reporting Officer:** Councillor Oliver Ryan – Executive Member (Finance and Economic Growth)  
Dr Ash Ramachandra – Lead Clinical GP  
Kathy Roe – Director of Finance

**Subject:** CAPITAL MONITORING REPORT - AS AT MONTH 7

**Report Summary:** This is the second capital monitoring report for 2020/21, summarising the forecast outturn at 31 March 2021 based on the financial activity to 31 October 2020. The detail of this monitoring report is focused on the budget and forecast expenditure for fully approved projects in the 2020/21 financial year.

**Recommendations:** That the Strategic Planning and Capital Monitoring Panel be recommended to:

- (i) Note the forecast outturn position for 2020/21 as set out in **Appendix 1**.
- (ii) **Approve** the re-profiling of budgets into 2021/22 as set out on page 4 of **Appendix 1**.
- (iii) Note the funding position of the approved Capital Programme as set on page 9 of **Appendix 1**. Members are reminded that the Period 6 finance report asked for approval to remove all remaining earmarked schemes and approve 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 further surplus assets for disposal.
- (iv) Notes the changes to the Capital Programme as set out on page 10 in Appendix 1
- (v) Note the updated Prudential Indicator position set out on pages 11-12 of **Appendix 1**, which was approved by Council in February 2020.

**Policy Implications:** Budget is allocated in accordance with Council Policy

**Financial Implications:** The current approved programme requires a minimum of £21,325k of corporate funding from capital receipts or reserves. Any priority earmarked schemes that are approved by Executive Cabinet will increase the amount of corporate funding needed for the capital programme.

Earmarked schemes currently included on the capital programme (and not reflected in the approved programme) total £44.9m, with a forecast £33.2m of corporate funding needed to finance these schemes. Many of these schemes were identified in 2017/18 and therefore, as reported to Members in the Month 3 finance report, should be the subject of a detailed review and reprioritisation.

Because demand for capital resources exceeds availability, 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.

Close monitoring of capital expenditure on each scheme and the resources available to fund capital expenditure is essential and is 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. If there are insufficient capital receipts it will be necessary to review the programme and align so that expenditure doesn't exceed the available resources. The Council also needs to ensure that it has a clear programme which it would commit to if it had funding so it is able to put forward for a grant funding which Government will make available to deal with the impact of Covid.

**Risk Management:**

Failure to properly manage and monitor the Strategic Commission'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 :

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## **1. BACKGROUND**

- 1.1 This is the second capital monitoring report for 2020/21, summarising the forecast outturn at 31 March 2021 based on the financial activity to 31 October 2020. The detail of this monitoring report is focused on the budget and forecast expenditure for fully approved projects in the 2020/21 financial year.

## **2. CAPITAL PROGRAMME SUMMARY**

- 2.1 The approved budget for 2020/21 is £63.118m (after re-profiling approved at P3 monitoring) and current forecast for the financial year is £54.394m. 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.
- 2.2 The current forecast is for service areas to have spent £54.394m on capital investment in 2020/21, which is £8.724m 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 (£0.110m) less the re-profiling of expenditure in some other areas (£8.614m).
- 2.3 Detailed capital update reports for each Directorate area are included on the agenda of the Strategic Planning and Capital Monitoring Panel (SPCMP). This report provides a summary of the financial position against the overall programme but further details on scheme delivery can be found in the Directorate reports to SPCMP.
- 2.4 Key messages at P7 monitoring are as follows:
- The delays and increased estimated cost of the original proposal at Oxford Park have prompted a full review of all Day Services provision. The delivery of this review is likely to require capital funding and an updated business case will be presented accordingly. This scheme will need to be removed from the capital programme, pending completion of the day services review and approval of revised proposals.
  - Proposed re-profiling of £8.614m of budgets into 2021/22 due to delays across a number of schemes. Some of these delays have arisen due to COVID-19.
  - Overspends against budget are current forecast on three schemes. In Children's Social Care, additional costs for fire safety compliance and additional refurbishment costs not included in the original budget are expected to result in £61k of costs in excess of the original budget. The forecast outturn position for Denton Pool is also expected to be £85k in excess of budget due to some changes made in the final stages of completion.

## **3. RECOMMENDATIONS**

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