

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) 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)	<p>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.</p> <p>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 had resulted in delays to this scheme of around 3 months, with no extension to the March 2021 deadline. Plans have now been put in place to ensure this scheme completes by March 2021 to ensure grant funding is retained. As noted in paragraph 3.5 there is very little contingency in the timetable for completion, and as such any further delays may put grant funding at risk.</p> <p>The Council's existing approved capital programme as at September 2020 was £82.2m, with a further £2.985m of earmarked schemes expected to be approved. These schemes will require capital receipts of £8m from a forecast total of £15.3m based on the disposals approved in September 2020. Earmarked schemes currently not reflected in the figures above total £44.9m, with a forecast £33.2m of corporate funding from capital receipts needed to finance these schemes. Assuming that the planned disposals proceed there is a forecast balance of £7.343m of capital receipts to fund future earmarked capital schemes, meaning the broader capital ambition of the Council is currently unaffordable until such time as additional capital receipts are generated.</p>
Legal Implications:	This is a high level monitoring report to provide the Panel with a general overview of the progress being made on these projects and

(Authorised By Borough Solicitor)

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.

As Members will note from the main body of the report covid has had an impact on a number of the projects. It is therefore more critical than ever that projects are robustly managed to ensure that they remain on track in terms of both timelines and budgets and to ensure that project officers will be able to provide Members with confirmation that the work done still represents good value for money.

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 £16.712m which includes £13.430m 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 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 7,500 space multi-storey car park. This will be funded by prudential borrowing. The investment was drawn down in three tranches during March (£1.4m in the 2019/20 financial year) and April 2020 (£3.2m in the 20/21 financial year). The investment is expected to generate revenue income through returns of around 3.25% (after taking account of borrowing costs and debt repayment).
- 2.2 It was originally envisaged that this income would begin to be received from 2021/21 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 will not be generated for a number of years and will be dependent on the speed and scale of recovery in the Aviation Sector.
- 2.3 In April 2020, Executive Cabinet approved a further investment of £9.7m in Manchester Airport in the form of an equity loan, which will be funded by prudential borrowing. The investment completed in June 2020 and will generate revenue income through interest earned of 10% per annum.

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, with the further commercialisation 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 now around 70% complete, and time lost due to COVID-19 delays has in the main been recovered. That said a significant volume of works is still outstanding and whilst plans are in place to deliver this on-time and on-budget there is little or no “contingency” within the timetable should there be a severe winter or further national lockdowns affecting the works.

Microsoft Licensing

- 3.6 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.
- 3.7 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.
- 3.8 The upgrades across the entire fleet of laptops has now been complete with the exception of a small number of devices which are being mopped up as we go along. These are in the main where people are on long term sickness leave or maternity leave.
- 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 the main Exchange email, Active Directory, SharePoint and Skype for Businesses systems and commissioning the Disaster recovery site are now underway. The upgrade to the Active Directory system is complete and the new DR site will be on-line w/c 16 November. Work on upgrading the Exchange email system is now underway and expected to be complete for the end of November.

3 RECOMMENDATIONS

- 3.1 See front sheet.