

Appendix 3

Capital Outturn and Requests for Supplementary Capital Estimates and Virements

Update on Capital Programme

- 2.1 Since the Third Quarter Review the Capital Programme has increased by £7.5m for the next three-year period.
- 2.2 One of the main changes are the increase in additional grant allocations that have been received since the Medium-Term Financial Strategy was approved in February 2021, within Children and Families we have received Basic Need Grant (2022/23) of £5.3m, High Needs Funding of £1.2m and £0.9m School Condition Grant. Within the Place Directorate we have received £5.8m Pothole funding, Green Homes Grant of £2.1m and £0.6m Active Travel Grant. There are also a small number of Supplementary Capital Estimates listed in Annex **B** to this report.
- 2.3 There have also been a considerable number of Supplementary Capital Estimates that have been approved within the last quarter. The increase totals £20.9m and the two most notable ones are the Future High Street funding of £15.7m and the Green Homes Grant £1.7m which is in addition to the £2.1m that requires approval at Outturn.
- 2.4 As part of the Medium-Term Financial Strategy, £34.7m of the Middlewich Eastern Bypass budget has been transferred to the Addendum whilst the Council awaits full programme entry for the scheme within the Department of Transport's major projects programme. There was also a transfer from the Addendum to the main programme of £2.4m for the Safer Roads scheme on the A537 as the grant funding has now been received by the Council.
- 2.5 Other transfers that have been agreed to move to the main programme are £.08m for the Tatton Investment Programme, £0.4m for the Macclesfield Town Centre Public Realm project and £0.06m for Middlewich Leisure Centre. **Table 1** shows the movements in the last quarter.

Table 1: Summary Capital Programme

Directorate	TQR Budget 2020/24 £m	SCE's / Virements in Quarter 2020/24 £m	Transfers to/from Addendum 2020/24 £m	Budget Reductions at Outturn 2020/24 £m	SCE's at Outturn 2020/24 £m	Revised Outturn Budget 2020/24 £m
People	49.4	-	-	-	9.5	58.9
Place	389.2	20.9	(31.0)	(1.5)	9.5	387.1
Corporate	57.6	-	-	-	0.1	57.7
	496.2	20.9	(31.0)	(1.5)	19.1	503.7

- 2.6 The revised programme is funded from both direct income (grants, external contributions) and the Council's own resources (prudential borrowing, revenue contributions, capital reserve).
- 2.7 The final Outturn position as the 31st March 2020 showed total capital expenditure of £105.2m against a Third Quarter forecast position of £136.4m. The slippage of £31.2m has been re-profiled into future years as shown in **Annex A**.
- 2.8 **Annex B** details requests of Supplementary Capital Estimates (SCE) up to and including £500,000 and Capital Virements up to and including £1,000,000 approved by delegated decision which are included for noting purposes only.
- 2.9 **Annex C** details requests of Supplementary Capital Estimates (SCE) up to and including £1,000,000 and Capital Virements up to and including £5,000,000 to be approved by Finance Sub Committee. This includes two Supplementary Capital Estimates for £0.9m additional School Condition Grant for 2021/22 and the second tranche of the Active Travel Fund (COVID 19), £0.6m.
- 2.10 **Annex D** details requests of Supplementary Capital Estimates (SCE) over £1,000,000 to be approved by full Council. There are five Supplementary Capital Estimates to be approved, £1.2m funding received for High Needs Provision within the Education Service, £2.9m of Basic Need grant that is being replenished by S106 contributions that have now been received by the Council. There is also the 2022/23 Basic Needs Allocation of £5.3m that has not been previously recognised in the Medium-Term Financial Strategy. Within the Place Directorate there is the £5.8m Pothole Funding and the £2.1m additional Green Homes funding.
- 2.11 **Annex E** lists details of reductions in Approved Budgets where schemes are completed, and surpluses can now be removed. These are for noting purposes only.
- 2.12 **Table 2: Revised Addendum Programme**

	Budget 2020/21 £000	Budget 2021/22 £000	Budget 2022/23 £000	Budget 2023/24 £000	Total Budget 2020/24 £000
Addendum					
People	5,931	11,700	9,900	4,700	32,231
Place	12,101	48,121	35,831	71,752	167,805
Corporate	4,258	35,262	35,276	54,905	129,701
Total Addendum	22,290	95,083	81,006	131,357	329,737

- 2.13 **Annex F** shows the movements from and to the Capital Addendum since the Medium-Term Financial Strategy was approved in February 2021.

Annex A: Revised Capital Programme

CHESHIRE EAST COUNCIL CAPITAL PROGRAMME SUMMARY				
CAPITAL PROGRAMME 2020/21 - 2022/23				
	Actual 2020/21 £000	Forecast 2021/22 £000	Forecast 2022/23 £000	Total Forecast 2020-23 £000
Committed Schemes - In Progress				
People	6,677	23,045	26,225	55,947
Place	69,094	131,258	122,047	322,399
Corporate	13,586	11,576	22,695	47,857
Total Committed Schemes - In Progress	89,357	165,879	170,967	426,203
CAPITAL PROGRAMME 2020/21 - 2022/23				
	Actual 2020/21 £000	Forecast 2021/22 £000	Forecast 2022/23 £000	Total Forecast 2020-23 £000
New Schemes				
People	92	2,136	750	2,978
Place	7,339	25,233	32,087	64,659
Corporate	8,419	903	540	9,862
Total New Schemes	15,850	28,272	33,377	77,499
Total	105,207	194,151	204,344	503,702

CHESHIRE EAST COUNCIL CAPITAL PROGRAMME SUMMARY

CAPITAL PROGRAMME 2020/21 - 2022/23

	Actual 2020/21 £000	Forecast 2021/22 £000	Forecast 2022/23 £000	Total Forecast 2020-23 £000
Funding Requirement				
Indicative Funding Analysis: (See note 1)				
Government Grants	46,645	108,803	89,657	245,105
External Contributions	9,636	24,478	36,881	70,995
Revenue Contributions	489	776	0	1,265
Capital Receipts	2,586	1,000	1,000	4,586
Prudential Borrowing (See note 2)	45,851	59,094	76,806	181,751
Total	105,207	194,151	204,344	503,702

Note 1:

The funding requirement identified in the above table represents a balanced and affordable position, in the medium term. The Council will attempt to maximise external resources such as grants and external contributions in the first instance to fund the capital programme. Where the Council resources are required the preference will be to utilise capital receipts from asset disposals. The forecast for capital receipts over the next two years 2021/22-23 assumes a prudent approach based on the work of the Asset Management team and their most recently updated Disposals Programme.

Note 2:

Appropriate charges to the revenue budget will only commence in the year following the completion of the associated capital asset. This allows the Council to constantly review the most cost effective way of funding capital expenditure.

Annex B:

Delegated Decision - Requests for Supplementary Capital Estimates (SCEs) and Virements

Service / Capital Scheme	Amount Requested £	Reason and Funding Source
Summary of Supplementary Capital Estimates and Capital Virements		
Supplementary Capital Estimates that have been made up to £500,000		
Highways and Infrastructure		
M6 Junction 19	9,557	To increase the budget in line with the level of income invoiced for design check and inspection fees of the Highways England scheme at M6 J19 for which a Section 4 agreement
Middlewich Southern Link and Clive Green Lane Upgrad	10,137	To add additional contribution from Cheshire West & Chester Borough Council to the budget of £2,657 and additional revenue contribution of £7,480 to increase Cheshire East's contribution to match
Traffic Signals Maintenance Funding	500,000	New grant allocation from the Department of Transport for traffic signal maintenance work in the borough.
S106s		
Morrisons, Middlewich Bus Stop	596.38	} To bring the extra S106 balance in to the programme to fund expenditure.
M'wich Rd Elworth Ped Crossing	784.78	
S106 Booth Lane, Bus Stops	4,442.14	
S106 Middlewich Bus Stops x2	1,400	
Growth and Enterprise		
Crewe Town Centre Regeneration	15,000	Contribution from Arriva for Crewe Bus Station works.
Crprate Lndlrld - Operational	5,000	Revenue Contribution for the cost of the Concerto system.
Warm Homes Fund	31,665	The Warmer Homes Grant allocation to the Council which was reduced at Mid Year Review from £0.417m to £0.207m in line with the revised grant allocation. The final amount of grant that we will receive is now £239,080, a slight increase in what was then anticipated.
Schools Capital Maintenance	92,000	Schools Contributions to the Facilities Management Schools Condition Programme for 2021/22
Transformation Services		
Elections Management System	6,888	Revenue contribution to increase budget to cover additional expenditure.
Infrastructure Investment Programme (IIP)	101,503	Budget brought forward from the approved MTFS 21-25
Total Supplementary Capital Estimates Requested	778,973	

Service / Capital Scheme	Amount Requested £	Reason and Funding Source
Capital Budget Virements that have been made up to £1,000,000		
Education and 14-19 Skills		
Elworth CofE Primary School - Basic Need Scheme	300,000	Virement from Nantwich Planning Area Block allocation
Malbank High School Basic Need Scheme	400,000	Virement from Nantwich Planning Area Block allocation
Pupil Referral Unit	221,651	Virement from Basic Need £174k) Healthy Pupils fund (£38k) and School Condition Grant (£9k) to fund overspend on the project.
Wilmslow High School	246,349	Virement from School Condition Grant funded School Managed Schemes from 2018/19 & 2020/21 as agreed with the school to amalgamate into the major Basic Need project.
The Dingle	25,000	Virement from High Needs/SEN Grant
Highways, Infrastructure & Transport		
Highway Maintenance Minor Wks	181,096	Virements within the Local Transport Programme, virements from grant funded Capital Condition Project and Local Area Programme
Bridge Maintenance Minor Wks	21,398	Virements within the Local Transport Programme, virements from grant funded Local Area Programme
Surface Water Mgt Schemes	289	Virements within the Local Transport Programme, virements from grant funded Flooding and Weather Events project.
S106 H Chpl Rd Bus Stops	4,434	Delivered as part of the STEPS programme, so that additional funding for this project has been vired from the Accessibility Public Transport budget
S106 Booth Lane, Bus Stops	1,832	} Virement from the Accessibility Public Transport budget for the additional expenditure for the Bus Stops.
Morrisons, Middlewich Bus Stop	1,896	
S106 Rope Lane Ped Crossing	426	Virement from the Road Safety Schemes Minor Works budget for the additional expenditure covered by Department for Transport grant funding.
Growth and Enterprise		
Schools Capital Maintenance	828,000	Virement from the School Condition Grant to fund to the Facilities Management School Condition Programme in 2021/22
Environment and Neighbourhood Services		
Organic Waste Treatment Plant	45,409	Virement from the Energy Improvements at Cledford Lane project to Organic Waste Treatment Plant to ensure that the overspend is fully-funded.
Armistead Way Play Area Improvements	625	Virement from the Parks Development Fund project to Armistead Way Play Area to ensure that the overspend is fully-funded.
Total Capital Budget Virements Approved	2,278,405	
Total Supplementary Capital Estimates and Virements	3,057,378	

Annex C: Delegated Decision - Requests for Supplementary Capital Estimates (SCEs) and Virements

Service / Capital Scheme	Amount Requested £	Reason and Funding Source
Finance Sub Committee are asked to approve the Supplementary Capital Estimates and Virements		
Supplementary Capital Estimates above £500,000 up to and including £1,000,000		
Education and 14-19 Skills		
School Condition Allocation	936,822	Additional Grant received from the Department of Education for 2021/22
Highways and Infrastructure		
Active Travel Fund (Covid-19)	588,625	Tranche 2 of Active Travel Covid 19 Fund
Total Supplementary Capital Estimates Requested	1,525,447	
Total Supplementary Capital Estimates and Virements	1,525,447	

Annex D: Requests for Supplementary Capital Estimates (SCEs) and Virements

Service	Amount Requested	Reason and Funding Source
£		
Supplementary Capital Estimates over £1,000,000		
Education and 14-19 Skills		
SEN/High Needs Capital Allocation	1,263,815	Additional Grant Received from the DfE to fund SEN/High Needs Provision
Future Years Basic Need Allocation	2,919,127	Replenish Basic Need budget with S106 funds that have now been received by the Council
Future Years Basic Need Allocation	5,276,834	Basic Need Allocation for 2022/23
Highways and Infrastructure		
Pothole fund	5,799,000	Department for Transport Pothole fund allocated that is being used to fund our Road Repair programme this year.
Growth and Enterprise		
Green Homes Grant	2,135,885	Additional grant of £2,135,885, for the Green Homes Grant Local Authority Delivery Scheme, to improve energy efficiency and install low carbon heating systems in housing across Cheshire East. A total fund of £6,407,655 has been paid by the North West Energy Hub to Warrington Borough Council who are the accountable body for the scheme on behalf of Cheshire and Warrington; one-third of the funding is to be paid to Cheshire East.
Total Supplementary Capital Estimates Requested	17,394,661	
Total Supplementary Capital Estimates and Virements	17,394,661	

Annex E: Capital Budget Reductions

Service / Capital Scheme	Approved Budget £	Revised Approval £	Reduction £	Reason and Funding Source
Finance Sub Committee are asked to note the reductions in Approved Budgets				
Education and 14-19 Skills				
Shavington High School	2,622,848	2,510,061	112,787	Project now complete.
S278s				
All S278 Schemes	2,990,015	1,520,625	1,469,390	S278 schemes will no longer be reported as part of the capital programme, since moving to the Unit 4 Finance system, these have been set up as Revenue projects. All of these projects are fully funded by Developer contributions.
Environment and Neighbourhood Services				
Victoria Mill Drive, Willaston: Open Space Improvements	34,098	30,043	4,055	Project now complete.
	5,646,961	4,060,729	1,586,232	

Annex F: Transfers From and to the Capital Addendum

Service / Capital Scheme	Amount Transferred Outturn £	Reason / Comment
Budgets Transferred from the Addendum to the Main Capital Programme		
Highways and Infrastructure		
Safer Roads Scheme A537	(2,490,000)	Transferred to the current programme, grant funding received.
Growth and Enterprise		
Macclesfield Town Centre Regeneration Phased Public Realm Enhancement Programme	(400,000)	Approval obtained to transfer from Addendum.
Tatton Park Investment	(762,000)	Approval obtained to transfer from Addendum.
Environment and Neighbourhood Services		
Middlewich Leisure Centre	(60,000)	Transfer of £60k to create a Middlewich Leisure Centre capital programme item from the Everybody Sport and Leisure 5 Towns Investment Programme on the addendum.
Total Budgets Transferred to Main Capital Programme	(3,712,000)	
Capital Budgets transferred from the Main capital Programme to the Addendum		
Highways and Infrastructure		
Middlewich Eastern Bypass	34,735,635	Transferred to Addendum in line with MTFs 21-25
Total Capital Budget Transferred to the Addendum	34,735,635	
Net Change to the Addendum	31,023,635	