

KEY DECISION: YES/NO

UPDATED CAPITAL PROGRAMME MONITORING AND FORECASTING REPORT P1 2021/22

SUMMARY AND RECOMMENDATIONS:

SUMMARY:

This report informs Members of the latest forecast of the Council's Capital Programme for 2021/22 based on the monitoring exercise carried out during August 2021.

RECOMMENDATIONS:

CABINET RECOMMENDS TO COUNCIL that £235,000 is added to the Capital Programme in 2021/22 to enable the Council to purchase the vehicles required for the Food Waste Service.

CABINET is RECOMMENDED to:

- i) Note the latest Capital Programme position, as set out in Tables 1 and 2.

1 INTRODUCTION

1.1 This report informs Members of the latest forecast regarding the Council's Capital Programme for 2021/22, based on the monitoring exercise carried out during August.

1.2 There are some projects of major financial significance included in the Council's approved Capital Programme for 2021/22. These projects are:
(a) Regeneration – Aldershot
(b) Regeneration - Civic Quarter
(c) Replacement cremators, and,
(d) Housing PRS

2 BACKGROUND

2.1 Financial Services, in consultation with relevant budget officers, carry out regular monitoring of the Capital Programme.

2.2 A summary of the overall position is shown in **Appendix A**.

3 CURRENT POSITION

- 3.1 The Council approved the Capital Programme of £38.510m on 20 February 2021. Based on the budget monitoring process Table 1 shows the reconciliation of budget changes together with the projected actual capital expenditure for the year 2021/22.

Table 1: Analysis of capital expenditure and approved budget 2021/22

	(£'000)
Total approved budget for the year 2021/22*	38,510
Plus: Additional budget approvals made for the year 2021/22 **	0
Slippage form 2020/21	2,176
Total approved budget for 2020/21	40,686
Actual plus commitments as at Period 1	2,941
Forecast capital expenditure for the year	39,943
Net favourable variance (against approved budget)	(743)
Projected Slippage/(Pre-spend) to 2022/23 ***	1,055

* As reported to Cabinet in the Revenue Budget, Capital Programme and Council Tax report FIN2106 (20/02/2021)

** Cabinet Reports RP21035 (08/06/2021)

*** Projected slippage based on the forecast at Period 1.

- 3.2 Table 2 shows the outturn forecast for each scheme with a Portfolio summary of all approved projects is shown at **Appendix A** to this report. This Appendix includes a list of all expenditure and grant/contribution variations that have been approved since Full Council approved the Estimate for 2021/22 on 20 February 2021.
- 3.3 The Capital Programme is a significant undertaking for the Council in terms of magnitude and complexity. The scale of the projected slippage into 2021/22 and variation in programme highlights the need for close monitoring and clear project management across the whole Council.
- 3.4 During the year to date actual expenditure including commitments is £2.9m. £40.0m is due to be spent by the year-end, predominantly as part of programmed regeneration.
- 3.5 Since budget approval a £1.135m drawdown from Civic Quarter capital budget has been made to enable demolition works to be undertaken at Farnborough

Leisure Centre.

3.6 **Appendix B** sets out the details in relation to:

1. The significant over/(under) spend variations to date;
2. The major areas of slippage;
3. Material variances in relation to schemes financed by grants/contributions.

3.7 Cabinet considered the changes to the Waste and Recycling service at their meeting on 08 June 2021 (Report No: OS2107). The report outlined the financial implications of the change in service provision and recommended to Council an additional revenue budget of £90,000 was required in the current financial year to deliver the new arrangements.

3.8 As part of the ongoing discussions with SERCO on the Contract Change Notice it has been proposed that the Council purchases the vehicles required for the delivery of the Food Waste Service. A number of options were reviewed by officers which included both purchase and lease options. The most cost effective option is for the Council to purchase the vehicles and to lease them to SERCO.

3.9 Therefore, members are requested to approve a capital budget of £235,000 to enable the acquisition of the vehicles. This would be funded from reserves or from capital receipts anticipated during the current financial year (depending on the timing of receipts and payments). It is likely that the additional revenue cost will be below the £90k estimated in the June Cabinet report as a result of the Council purchasing the vehicles directly. Members will be kept informed of the cost of the Food Waste service through the regular budget monitoring reports.

Table 2: Capital Programme Outturn Forecast

Portfolio/scheme	2021/22 Original Budget (£'000)	2021/22 Additional items (£'000)	Slippage from 2020/21 (£'000)	2021/22 Total Approved Budget (£'000)	Outturn Forecast (£'000)	Forecast Variance (£'000)	Slippage to/(from) 2022/23 (£'000)
Major Projects and Property							
Aldershot Town Centre Projects	3,951	-	-	3,951	3,951	-	-
Civic Quarter Farnborough	19,383	-	-	19,383	19,394	11	-
Housing Matters	5,436	-	27	5,409	5,409	-	-
Commercial Property	-	-	100	100	400	300	-
Property Enhancements	90	-	224	314	314	-	-
Union Street Aldershot	7,658	-	131	7,527	7,573	46	-
Subtotal MP&P	36,518	-	166	36,684	37,041	357	-
Corporate and Democratic							
Flexibel use of capital receipts	-	-	74	74	74	-	-
Subtotal C&DS	-	-	74	74	74	-	-
Customer Experience and							
Computer Systems	80	-	-	80	80	-	-
Council Offices	68	-	-	68	68	-	-
Subtotal CE&I	148	-	-	148	148	-	-
Operational Services							
CCTV	400	-	-	400	8	392	392
Crematorium	-	-	949	949	949	-	-
Depots	34	-	-	34	34	-	-
Manor Park	49	-	-	49	-	49	-
Parks and Open Spaces	20	-	253	273	232	41	50
Playground Works	-	-	104	104	104	-	-
Refuse/Recycling	100	-	-	100	120	20	-
Food waste containers and liners	131	-	-	131	131	-	-
Southwood Community Centre	-	-	-	-	-	-	-
Improvement Grants	1,111	-	553	1,663	1,025	638	613
Subtotal OS	1,844	-	1,858	3,702	2,602	1,100	1,055
Planning and Economy							
No capital budgets	-	-	-	-	-	-	-
Subtotal P&E	-	-	-	-	-	-	-
ICE Programme							
Subtotal ICE	-	-	78	78	78	-	-
TOTAL Capital Programme	38,510	-	2,176	40,686	39,943	743	1,055

4 REVENUE EFFECT OF CAPITAL PROGRAMME

4.1 Movement in the capital programme between years will have an effect on interest costs and MRP cost in the year in which budget was allocated.

5 CONCLUSIONS

5.1 The Council's 2021/22 Capital Programme is currently forecast to spend £40.0m, £0.7m below the approved capital budget of £40.7m. Variation from the approved budget and slippage is not significant as at quarter 1. However, the capital programme contains large and complex project that require proactive monitoring to ensure and delays or variation in cost are clearly understood and communicated to assess the implications on the Council.

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CAPITAL PROGRAMME MONITORING SUMMARY 2021/22

Expenditure	SLIPPAGE FROM 2021/22	ORIGINAL BUDGET 2021/22	ADDITIONAL BUDGET APPROVALS 2021/22	TOTAL APPROVED BUDGET 2021/22	ACTUAL AS AT 16.07.2021	COMMITMENTS AS AT 16.07.2021	ACTUALS PLUS COMMITMENTS	VARIANCE	FORECAST SPEND 2021/22	FORECAST SPEND LESS APPROVED BUDGET	SLIPPAGE TO 2022/23
PORTFOLIO	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
MAJOR PROJECTS AND PROPERTY	166	36,518	0	36,684	923	987	1,910	(34,774)	37,041	357	0
CORPORATE AND DEMOCRATIC SERVICES	74	0	0	74	0	0	0	(74)	74	0	0
CUSTOMER EXPERIENCE AND IMPROVEMENT	0	148	0	148	(4)	4	0	(148)	148	0	0
OPERATIONAL SERVICES	1,858	1,844	0	3,702	148	875	1,023	(2,679)	2,602	(1,100)	1,055
PLANNING AND ECONOMY	0	0	0	0	0	0	0	0	0	0	0
ICE PROGRAMME	78	0	0	78	1	7	8	(70)	78	0	0
TOTAL	2,176	38,510	0	40,686	1,068	1,873	2,941	(37,745)	39,943	(743)	1,055

Variations to Programme Approved 2021/22

Original Budget 2021/22 - Various Projects
Slippage from 2020/21

Approved By Full Council Date 16.02.2021

£
38,509,880
2,176,314

Total Approved Budget

40,686,194

S106 and Grants & Contributions	SLIPPAGE FROM 2021/22	ORIGINAL BUDGET 2021/22	ADDITIONAL BUDGET APPROVALS 2021/22	TOTAL APPROVED BUDGET 2021/22	FORECAST S106 AND GRANTS & CONT'S AS AT 16.07.2021	VARIANCE
PORTFOLIO	£'000	£'000	£'000	£'000	£'000	£'000
MAJOR PROJECTS AND PROPERTY	(464)	(9,200)	0	(9,664)	(9,664)	0
CORPORATE AND DEMOCRATIC SERVICES	0	0	0	0	0	0
CUSTOMER EXPERIENCE AND IMPROVEMENT	0	0	0	0	0	0
OPERATIONAL SERVICES	(1,504)	(1,147)	0	(2,651)	(1,958)	693
PLANNING AND ECONOMY	0	0	0	0	0	0
ICE PROGRAMME	0	0	0	0	0	0
TOTAL	(1,968)	(10,347)	0	(12,315)	(11,622)	693

Variations to Programme Approved 2021/22

Approved By Date

£

Total Approved Budget

0

APPENDIX B

Over/Underspends, slippage and material variances in relation to schemes financed by grants/contributions.

1 The significant over/(under) spend variations to date are as follows:

Scheme	Explanation	Over / (Under) Spend £000s
MAJOR PROJECTS AND PROPERTY		
36-62 UNION STREET Site assembly	No budget in financial year 2021/22. No explanation received.	46
CORPORATE AND DEMOCRATIC SERVICES		
No budget variances reported		
CUSTOMER EXPERIENCE AND IMPROVEMENT		
No budget variances reported		
OPERATIONAL SERVICES		
IMPROVEMENT GRANTS Housing Renewal Grant	Several cases pending but none yet approved.	(25)
REFUSE/RECYCLING Wheeled bins	Service did not take into consideration a large number of additional 1100L residual bins that we would need to purchase for flats, for the move to fortnightly collections.	20
MANOR PARK Lake Improvements	Project is waiting outstanding S106 contribution to provide sufficient budget to carry out works.	(49)
PLANNING AND ECONOMY		
No budget variances reported		
ICE PROGRAMME		
No budget variances reported		

- 2 The major areas of slippage/(Pre-spend) identified to date which are included within the (Appendix A) net slippage of £1,054,763 against the approved revised Capital Programme are provided in the table that follows:

Scheme	Explanation	Slippage /(Pre-spend) to 2022/23 £000s
MAJOR PROJECTS AND PROPERTY		
No budget slippage reported		
CUSTOMER EXPERIENCE AND IMPROVEMENT		
No budget slippage reported		
OPERATIONAL SERVICES		
IMPROVEMENT GRANT Disabled Facilities Grant	Referrals equivalent to £1m have been reported. Remaining budget is to slip accordingly.	613
CCTV Camera and Network	Drawdown to replace Princes Hall CCTV has been prioritised and rest of project likely to be within financial year 2022/23	392
KING GEORGE V Café conversion	Impact of C19 has resulted in significant downturn in hospitality sector. Further market engagement needed to establish viability of project post C19.	50
CORPORATE AND DEMOCRATIC SERVICES		
No budget slippage reported		
PLANNING AND ECONOMY		
No budget slippage reported		
ICE PROGRAMME		
No budget slippage reported		

- 3 The material variances in relation to schemes financed by grants/contributions are as follows:

Scheme	Explanation	Grant funding £000s
MAJOR PROJECTS AND PROPERTY		
No variation reported		
CUSTOMER EXPERIENCE AND IMPROVEMENT		
No variation reported		
OPERATIONAL SERVICES		
IMPROVEMENT GRANT Disabled Facilities Grant	Referrals equivalent to £1m have been reported. Remaining budget is to slip accordingly.	644
MANOR PARK Lake Improvements	Project is waiting outstanding S106 contribution to provide sufficient budget to carry out works.	49
CORPORATE AND DEMOCRATIC SERVICES		
No variation reported		
PLANNING AND ECONOMY		
No variation reported		
ICE PROGRAMME		
No variation to report		