

KEY DECISION: ~~YES~~/NO

CAPITAL PROGRAMME MONITORING AND FORECASTING REPORT P2 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 October and November 2021.

RECOMMENDATIONS:

- i) Note the latest Capital Programme position, as set out in Tables 1 and 2 including the proposed slippage of £26.893m

1 INTRODUCTION

- 1.1 This report informs Members of the latest forecast regarding the Council's Capital Programme for 2021/22.
- 1.2 There are some projects of material 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 **	611
Slippage form 2020/21	2,176
Total approved budget for 2020/21	41,297
Actual plus commitments at P2 ***	3,936
Forecast capital expenditure for the year	14,580
Net favourable variance (against approved budget)	26,716
Projected Slippage/(Pre-spend) to 2022/23 ****	26,893

Table contains roundings

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

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

*** Expenditure and commitments as at 30 September. An additional £3.6m of expenditure is recorded between October and December 2021

**** Projected slippage based on the forecast at Period 2.

- 3.2 Table 2 shows the outturn forecast for each scheme with a Portfolio summary of all approved projects.
- 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 Up to the reporting period actual expenditure including commitments is £3.9m. £15m is due to be spent by the year-end, predominantly as part of programmed regeneration. This does not include expenditure under contract for the Union Yard scheme
- 3.5 Members have been kept updated on the progress of the major regeneration schemes during the year with specific reports on Union Yard Aldershot and the Civic Quarter Farnborough schemes.

- 3.6 Council approved the Union Yard regeneration scheme at their meeting on 29 July 2021 which committed the Council to around £42m of further expenditure over a 3-year period. The profile of expenditure for the current year has been agreed following the formal contract agreement and will be included in the revised capital programme in February 2022.
- 3.7 **Appendix A** provides commentary on the material variations on the capital programme

Table 2: Capital Programme Outturn Forecast

Portfolio and Scheme	2021/22 Original Budget (£'000)	2021/22 Latest Budget (£'000)	2021/22 Outturn Forecast (£'000)	2021/22 Variation (£'000)
Corporate Services				
Flexible Use of Capital Receipts	0	74	74	0
Subtotal	0	74	74	0
Customer Experience & Improvement				
Computer Systems	115	115	110	(5)
Council Offices	33	33	33	0
Subtotal	148	148	143	(5)
Major Projects & Property				
Aldershot Town Centre Projects	3,951	3,951	500	(3,451)
Civic Quarter Farnborough	19,383	19,383	1,340	(18,043)
Housing Matters	5,436	5,409	1,682	(3,727)
Property Enhancements	90	414	414	0
Union Yard Aldershot	7,658	7,527	6,949	(578)
Farnborough Town Centre Regeneration	0	250	250	0
Other	0			0
Subtotal	36,518	36,934	11,135	(25,799)
Operational Services				
CCTV	400	400	8	(392)
Crematorium	0	949	949	0
Depots	34	34	0	(34)
Manor Park	49	49	0	(49)
Parks & Open Spaces	20	115	69	(46)
Southwood Country Park	0	282	508	226
Playground Works	0	104	98	(6)
Refuse/Recycling	231	466	519	53
Improvement Grants	1,111	1,663	1,050	(613)
Subtotal	1,844	4,061	3,201	(861)
Planning & Economy	0	0	0	0
ICE Programme	0	78	27	(51)
	38,510	41,295	14,580	(26,715)

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 £14.6m, £26.7m below the approved capital budget of £41.3m. Indicative slippage is shown in Table 1 of £26.893m
- 5.2 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.

CONTACT DETAILS:

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APPENDIX A

Over/Underspends, slippage and material variances

Corporate Services – No variation anticipated

Customer Experience and Improvement – £5k underspend with slippage of £5k to 2022/23

Major Projects and Property - £25.8m variation with slippage of £25.8m into future financial years

Aldershot Town Centre Projects

There are two projects that are unlikely to be completed this financial year giving rise to the projected underspend and slippage of £3.451m.

- Aldershot Railway Station forecourt scheme (£0.577m) is delayed and presently sat with Hampshire County Council as the client
- The Galleries scheme is forecast to utilise £0.5m of the £3.4m of HiF funding in the current financial year. The balance of £2.9m will be slippage into 2022/23. Expenditure is forecast against cost plan provided by Shaviram which indicates £0.5m of cost incurred against demolition works associated with the scheme which are eligible for the HIF funding of £3.4m.

Civic Quarter Farnborough

Members will recall that £1.339m of the wider Civic Quarter capital budget has been allocated towards the demolition costs of the Leisure Centre. It is anticipated that around £7k of the demolition budget will be required in 2022/23.

The balance of the wider Civic Quarter budget (£18.044m) will not be required in the current financial year and will be reprofiled in due course.

Housing Matters

The transfer of sites from the Council to Rushmoor Homes has been slower than anticipated by the Business Plan. Therefore, the capital expenditure in the form of third-party loans to the RHL has not been incurred. Therefore, the capital budget will be required in 2022/23 and will be subject to a revision of forecast drawdown. In total, slippage of £3.727m is anticipated.

Union Yard, Aldershot

Direct costs associated with main build contract (Oct-Mar) total £5.485m. Further indirect costs of £164k are forecast for the financial year with demolition costs associated with the site already incurred. Therefore, the forecast for the year is for an underspend and slippage of £0.

Operational Services - £0.862m variation with slippage of £1.082m into future financial years

CCTV

The planned replacement of the CCTV cameras has been delayed due to continuing negotiations with Runnymede Borough Council around the service and procurement of the camera equipment. No further spending estimated for 2021/22 with project now likely to incur expenditure in 2022/23. Therefore, an underspend and slippage of £0.392m is forecast.

Parks and Open Spaces

There is a forecast net underspend of £46k on Parks and Open Spaces with the £50k budget for the King George V Playing Fields Café (bc) not forecast to be utilised in this financial year.

Southwood Country Park

Additional expenditure of £0.448m is forecast on the Southwood Country Park (SANG) set up which includes the initial set-up costs and Wetland leading to a forecast overspend of £0.290m. These costs are recoverable from SANG contributions, but expenditure has been incurred prior to any developer contributions being received. These costs will be transferred to the balance sheet at the end of the financial year and funded from the wider SANG once funding is received.

Expenditure on the Visitor Centre and Café is forecast to be £60k (an underspend and slippage of £66k)

Improvement Grants

Expenditure funded from Disabled Facilities Grants is forecast to be around £1m by the end of the financial year leading to an underspend against the revised DFG allocation of £0.613m. It is anticipated that this funding will be rolled over into 2022/23 from the Better Care Fund held by Hampshire County Council.

Planning & Economy – No Capital Schemes

ICE Programme – £51k underspend with slippage of £5k to 2022/23

No significant capital expenditure is forecast against the CRM System, Flexible and Mobile Working and Modernisation of support service. The £51k underspend will be reviewed as part of the wider ICE and Savings and Transformation Programme.