

**CAPITAL PROGRAMME MONITORING
POSITION AS AT JULY 2017**

SUMMARY AND RECOMMENDATIONS:

RECOMMENDATION:

Members are requested to note the latest Capital Programme monitoring

1. INTRODUCTION

- 1.1 This report informs Members of the latest forecast regarding the Council's Capital Programme for 2017/18, based on the monitoring exercise carried out during July.

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 Point 3 of the Council's 8-Point Plan supporting its objectives of financial and organisational sustainability is to look at income generation and investment opportunities.
- 3.2 As part of the budget process, schemes were robustly reviewed and prioritised and Council approved the core programme on 23 February 2017 at £13,629,000. Further changes for slippage from the previous financial year and additional approvals bring the total approved Capital Programme for 2017/18 to £36,988,000. The table that follows shows the current approved budget together with the projected actual capital expenditure for the year 2017/18.

Analysis of capital expenditure and approved budget for the year 2017/18	£000
Total approved budget for the year 2017/18	13,629
Slippage from 2016/17 added to the current approved budget	6,020
Additional budget approvals made for the year 2017/18 (includes £15m for the acquisition of investment properties, approved at Full Council 27 th July 2017)	17,339
Total approved budget for 2017/18	36,988
Forecast capital expenditure for the year	33,647
Net favourable variance (against the approved budget)	(3,341)
<i>Element of the above variance that will be slipped into 2018/19</i>	<i>1,500</i>

3.3 There are some projects of major financial significance included in the Council's approved Capital Programme for 2017/18. These projects are (a) completion of the Council's new Depot, (b) Aldershot Town Centre Integration, (c) Union Street (Aldershot) developments, (d) finalisation of a loan to Farnborough International & (e) further acquisition of investment properties.

3.4 Members should note in relation to the acquisition of investment properties that the potential revenue returns to the Council in a full financial year (currently costed at 2017/18 price base) would be as follows:

Capital budget for potential investment properties	Potential income return(s)	MRP	Short-term interest	Long-term interest	Yearly gains applying short-term interest rate	Yearly gains applying long-term interest rate
15,000	(825)	300	75	360	(450)	(165)
All amounts are expressed in £000						

3.5 It is however most likely that acquisition of these additional investment properties will occur much later in the current financial year, allowing for full and proper assessment of an array of potential market opportunities. The revenue budget Q1 1718 monitoring (also on the Cabinet agenda) currently makes no recognition of these potential favourable acquisition situations.

3.6 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 the Original Estimate for 2017/18 was approved prior to the start of the financial year 2017/18.

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

Scheme	Explanation	Over / (Under) Spend £000s
CORPORATE PROPERTIES Purchase of Land - Ball Hill (SANG)	Purchase will not proceed and funds originally borrowed for the purpose have now been returned to the Enterprise M3 LEP Note the resulting funding reduction stated in the table at 3.9	(1,696)
CORPORATE PROPERTIES Lease purchase 2A Windsor Way	Completion of the work imminent and resale for community use considered likely. This would result in the generation of a capital receipt for the Council.	(25)
CORPORATE PROPERTIES Purchase of Plot 10A Wellesley House	Completion of works is near achievement. Overspends have occurred in relation to extended duration of maintaining scaffolding, roof improvement, air conditioning units and asbestos contamination.	20
ALDERSHOT POOLS COMPLEX Replacement Ceiling	Work not as extensive as originally envisaged resulting in an under-spend	(62)
MANOR PARK Redecoration and Repairs Manor Park Cottage	Project almost completed and after allowing for modest adaptation improvements will result in an under-spend due to utilising the "skilled up" workforce	(15)
REDEVELOPMENT Civic Quarter, Farnborough	A forecast underspend, for which external funding is now less than originally budgeted. Note the resulting funding reduction stated in the table at 3.9	(70)

3.8 The major areas of slippage identified to date which are included within the (Appendix A) net reduction in spend of £3,341,000 against the approved Capital Programme are as follows:

Scheme	Explanation	Slippage to 2017/18 £000s
FLEXIBLE USE OF CAPITAL RECEIPTS	Suitable scheme application circumstances being considered. Budget amount slipped to the third qualifying year (18/19)	(228)

ACTIVATION ALDERSHOT - Project 2 phase 6 Aldershot Station	LEP grant funding must to be spent in the current year and has been forecasted accordingly. Remainder of the budget will likely slip to 18/19 due to a change in franchise operator on the South West trains service	(896)
CAR PARKS Enhancement Contract Costs	Expenditure for 17/18 year engaged on refurbishing Pinehurst car park. However, only £50k of this budget is anticipated to be spent in 17/18. Remaining budget will therefore carry forward to the following financial year (18/19)	(143)
MANOR PARK Construction of a property	Plans being prepared but there is a need for planning permission to be sought prior to build period. Construction may slip into 18/19.	(191)
BRICKFIELD COUNTRY PARK Improvement Works	There is a need to determine disposal options and potential costs for any future dredging works. Progress on this scheme has been slower than originally anticipated resulting in slippage into 18/19	(23)
MANOR PARK Lake Improvements	Information for the Lake Improvements is the same as disclosed above for Brickfield Country Park	(14)

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

Scheme	Explanation	Grant funding £000s
MUNICIPAL GARDENS Playground refurbishment	Additional funds achieved from the SUEZ Communities Trust	(50)
CORPORATE PROPERTIES Purchase of Land - Ball Hill (SANG)	Funds originally borrowed for the purchase have now been returned to the Enterprise M3 LEP Note the resulting capital expenditure under-spend stated in the table at 3.7	1,696

ACTIVATION ALDERSHOT - Project 2 phase 6 Aldershot Station	Funding now expected to be: Local Growth Fund £900k Hampshire County Council £180k South West Trains £100k Aggregating to a total amount of £1,180k ... current budget plan indicated £560k, resulting an improvement in the level of available external funding of £620k ... only £340k of this funding will be utilised in the current year and the remainder will slip into 18/19	(620)
REDEVELOPMENT Civic Quarter, Farnborough	Funding from HCA was originally considered achievable but bid eventually proved unsuccessful. Note the resulting capital expenditure under-spend stated in the table at 3.7	60

4. CONCLUSIONS

- 4.1 Slippage has been identified on several schemes and these are shown above, along with any other material variations.
- 4.2 The Capital Programme is, at present, at a very early stage in its implementation during the new financial year. Any significant variations will be reported to Members on a regular basis as the year progresses.

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CAPITAL PROGRAMME MONITORING SUMMARY 2017/18

Expenditure	SLIPPAGE FROM 2016/17	ORIGINAL BUDGET 2017/18	ADDITIONAL BUDGET APPROVALS 2017/18	TOTAL APPROVED BUDGET 2017/18	ACTUAL AS AT 30/06/2017	COMMITMENTS AS AT 30/06/2017	ACTUALS PLUS COMMITMENTS	VARIANCE	FORECAST SPEND 2017/18	FORECAST SPEND LESS APPROVED BUDGET	SLIPPAGE TO 2018/19
PORTFOLIO	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
CORPORATE SERVICES	3,322	6,764	17,082	27,168	3,152	52	3,204	(23,964)	25,240	(1,928)	228
LEISURE & YOUTH	253	362	257	872	213	43	256	(616)	567	(305)	232
ENVIRONMENT & SERVICE DELIVERY	2,269	5,455	0	7,724	222	515	737	(6,987)	6,611	(1,113)	1,040
BUSINESS, SAFETY & REGULATION	69	83	0	152	6	0	6	(146)	155	3	0
HEALTH & HOUSING	107	965	0	1,072	270	0	270	(802)	1,074	2	0
TOTAL	6,020	13,629	17,339	36,988	3,863	610	4,473	(32,515)	33,647	(3,341)	1,500

Variations to Programme Approved 2017/18

Approved By

Date

£

Original Budget 2017/18 - Various Projects	Full Council	23.02.17		13,629,000
Construction of a dwelling	Cabinet	04.04.17	exempt item	211,000
Flexible Use of Capital Receipts	Full Council	20.04.17		300,000
Farnborough Skate Park Refurbishment	DMB	25.04.17		17,000
Manor Park Depot New Paving and Tarmac	DMB	09.05.17		5,800
Slippage from 2016/17 - Various Projects	Cabinet	30.05.17		6,415,150
Prespend of 2017/18 - Various Projects	Cabinet	30.05.17		-394,900
Manor Park Chain Link Fence Replacement	Full Council	22.06.17		23,000
Purchase of Commercial Property	Full Council	22.06.17	exempt item	1,781,500
Acquisition of Investment Properties	Full Council	27.07.17		15,000,000
Total Approved Budget				36,987,550

S106 and Grants & Contributions	SLIPPAGE FROM 2016/17	ORIGINAL BUDGET 2017/18	ADDITIONAL BUDGET APPROVALS 2017/18	TOTAL APPROVED BUDGET 2017/18	FORECAST S106 AND GRANTS & CONT'S AS AT 30/06/2017	VARIANCE
PORTFOLIO	£'000	£'000	£'000	£'000	£'000	£'000
CORPORATE SERVICES	0	(1,696)	0	(1,696)	0	1,696
LEISURE & YOUTH	(102)	(63)	(23)	(188)	(231)	(43)
ENVIRONMENT & SERVICE DELIVERY	(1,425)	(710)	0	(2,135)	(2,695)	(560)
BUSINESS, SAFETY & REGULATION	0	0	0	0	0	0
HEALTH & HOUSING	(103)	(816)	0	(919)	(919)	0
TOTAL	(1,630)	(3,285)	(23)	(4,938)	(3,845)	1,093

Variations to Programme Approved 2017/18

Approved By

Date

£

Original Budget 2017/18 - Various Projects	Full Council	23.02.17		-3,285,000
Slippage from 2016/17 - Various Projects	Cabinet	30.05.17		-1,630,002
Manor Park Chain Link Fence Replacement	Full Council	22.06.17		-23,000
Total Approved Budget				-4,938,002