

**CAPITAL PROGRAMME MONITORING AND FORECASTING 2018/19 -  
POSITION AT JULY 2018**

**SUMMARY AND RECOMMENDATIONS:**

**SUMMARY:**

This report informs Members of the latest forecast of the Council's Capital Programme for 2018/19 based on the monitoring exercise carried out during July 2018.

**RECOMMENDATION:**

Members are requested to note the latest Capital Programme monitoring position.

**1. INTRODUCTION**

- 1.1 This report informs Members of the latest forecast regarding the Council's Capital Programme for first quarter of 2018/19, 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 The Council approved the Capital Programme £28,718,000 on 22 February 2018.
- 3.2 Based on July 2018 monitoring exercise the table that follows shows the current approved budget together with the projected actual capital expenditure for the year 2018/19.

<b>Analysis of capital expenditure and approved budget for the year 2018/19</b>	<b>£000</b>
Total approved budget for the year 2018/19	28,718
Additional budget approvals made for the year 2018/19	7,399
Slippage from 2017/18	19,936
<b>Total approved budget for 2018/19</b>	<b>56,053</b>
<b>Forecast capital expenditure for the year</b>	<b>54,052</b>
Net favourable variance (against the approved budget)	(2,001)
<i>Element of the above variance that will be slipped into 2019/20</i>	<i>1,055</i>

- 3.3 There are some projects of major financial significance included in the Council's approved Capital Programme for 2018/19. These projects are (a) continued construction 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 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 Original Estimate for 2018/19 on 22<sup>nd</sup> February for the financial year 2018/19.
- 3.5 At the time of compiling this report, the new Depot site is continuing development. The scale of the project is vast, identifying various unforeseen issues and there continues to be a risk of overspend against budget. A report was taken to Cabinet on 6<sup>th</sup> March 2018 to seek a variation to the 2018/19 Capital Programme. The additional budget requested was £210,000 to cover the estimated overspend assessed by the Quantity Surveyor at the time and an additional £100,000 for contingency. The new Depot has continued to overspend above the additional £210,000 and is reporting a £692,000 overspend against 2018/19 budget.
- 3.6 The Capital Programme is a significant undertaking for the Council in terms of magnitude and complexity. The scale of slippage into 2018/19 and variation in programme highlights the need for close monitoring and clear project management across the whole Council. Delivery of the existing approved Capital Programme must be the clear focus.
- 3.7 The significant over/(under) spend variations to date are as follows:

Scheme	Explanation	Over / (Under) Spend £000s
<b>Flexible Use of Capital Receipts</b> Redevelopment Use of Reserve	£33.5k was set aside for major motorway advertising. However, due to the nature of the motorway in the area being a 'smart' motorway, Highways England has advised permission is unlikely to be granted and therefore the project has ceased. £5.7k was set aside to conclude the waste contract mobilisation, however this is now substantially completed and any additional works to ensure all the value added items are mobilised can now be resourced within the service.	<b>(39)</b>
<b>NEW DEPOTS</b> Lysons Avenue Depot	The project has experienced multiple delays most recently with cables not being sufficiently buried below the ground surface and dewatering issues. The attenuation tanks which have been installed are currently faulty but Neilcott are responsible for remediation costs for this and any overrun directly attributable to this element. Forecast overspend reflects the issues experienced with the site which members are aware of. Target completion date is mid-September 2018. 1.5% of the Neilcott contract sum won't be paid over to Neilcott in 2018/19 but won't forecast this slippage until project completion and full value of contract with Neilcott is known.	<b>692</b>
<b>COUNCIL OFFICES</b> Co-Location	It is unlikely this project will proceed in 2018/19 as the initial feasibility work with HCC was postponed due other priorities at both Councils. Some minor works to accommodate Citizens Advice may be required. The new Customer Experience project will reconsider during 2019/20.	<b>(45)</b>
<b>CAR PARKS</b> Pinehurst Car park security	This budget can be released, as £50k is already included for Pinehurst under car park enhancements.	<b>(50)</b>

<b>ACTIVATION ALDERSHOT</b> Town Centre Improvements	Monies to be paid back to LEP and Grainger no longer need monies to advance works due to the delay in HCC signing off Grainger's plans under the S278 Agreement. Waiting for a Deed of Variation from the LEP for the original loan agreement so we can send it back.	<b>(1,500)</b>
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3.8 The major areas of slippage identified to date which are included within the (Appendix A) net reduction in spend of £1,055,170 against the approved Capital Programme are provided in the table that follows:

<b>Scheme</b>	<b>Explanation</b>	<b>Slippage to 2018/19 £000s</b>
<b>MANOR PARK</b> Lake Improvements	The Thames Water SUD project is still in design phase, it is unlikely these works will be completed in 2018/19, Atkins Global working up plans for Spring 2019; spend likely in 2019-20. Consultants working for Thames Water are finalising plans for water attenuation scheme in Manor Park, this is to encompass the current pond and cover most of the works that we wanted to do. Likely that S106 monies contracted for this purpose can be utilised, works planned for Spring 2019 start.	<b>(15)</b>
<b>PARKS AND OPEN SPACES</b> Ivy Road Sports Pavilion	General delays in the project. It is likely that both the Ivy Road Sports Pavilion and Moor Road Recreation Ground Development will slip to 19/20.	<b>(510)</b>
<b>PARKS AND OPEN SPACES</b> Moor Road Recreation Ground Development	General delays in the project. It is likely that both the Ivy Road Sports Pavilion and Moor Road Recreation Ground Development will slip to 19/20	<b>(530)</b>

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

<b>Scheme</b>	<b>Explanation</b>	<b>Grant funding £000s</b>
<b>MANOR PARK</b> Lake Improvements	As stated earlier in this report, this project is due to slip to 2019/20 and therefore S106 monies will not be	<b>15</b>

	utilised in 2018/19.	
<b>PARKS AND OPEN SPACES</b> Ivy Road Sports Pavilion	As stated earlier in this report, this project is due to slip to 2019/20 and therefore various grants/contributions will not be utilised in 2018/19.	<b>510</b>
<b>PARKS AND OPEN SPACES</b> Moor Road Recreation Ground Development	As stated earlier in this report, this project is due to slip to 2019/20 and therefore various grants/contributions will not be utilised in 2018/19.	<b>530</b>
<b>ACTIVATION ALDERSHOT</b> Town Centre Improvements	As stated earlier in this report, monies are to be paid back to the LEP as Grainger no longer need monies to advance works.	<b>1,500</b>

#### 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.

Contact Details:

Report Author: Alan Gregory [alan.gregory@rushmoor.gov.uk](mailto:alan.gregory@rushmoor.gov.uk) 01252 398441

Head of Service: Amanda Fahey [amanda.fahey@rushmoor.gov.uk](mailto:amanda.fahey@rushmoor.gov.uk) 01252 398440



**CAPITAL PROGRAMME MONITORING SUMMARY 2018/19**

Expenditure	SLIPPAGE FROM 2017/18	ORIGINAL BUDGET 2018/19	ADDITIONAL BUDGET APPROVALS 2018/19	TOTAL APPROVED BUDGET 2018/19	ACTUAL AS AT 20.06.2018	COMMITMENTS AS AT 20.06.2018	ACTUALS PLUS COMMITMENTS	VARIANCE	FORECAST SPEND 2018/19	FORECAST SPEND LESS APPROVED BUDGET	SLIPPAGE TO 2019/20
PORTFOLIO	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
MAJOR PROJECTS AND PROPERTY	19,262	24,310	4,872	48,444	6,488	114	6,602	(41,842)	46,954	(1,490)	0
CORPORATE AND DEMOCRATIC SERVICES	36	525	2,200	2,761	7	62	69	(2,692)	2,721	(40)	0
CUSTOMER EXPERIENCE AND IMPROVEMENT	(5)	376	0	371	(19)	51	32	(339)	331	(40)	0
OPERATIONAL SERVICES	643	3,507	327	4,477	1,001	346	1,347	(3,130)	4,046	(431)	1,055
<b>TOTAL</b>	<b>19,936</b>	<b>28,718</b>	<b>7,399</b>	<b>56,053</b>	<b>7,477</b>	<b>573</b>	<b>8,050</b>	<b>(48,003)</b>	<b>54,052</b>	<b>(2,001)</b>	<b>1,055</b>

**Variations to Programme Approved 2018/19**

	Approved By	Date	£
Original Budget 2018/19 - Various Projects	Full Council	22.02.18	28,717,700
Slippage from 2017/18 - Various Projects	Cabinet	29.05.18	19,974,560
Prespend of 2018/19 - Various Projects	Cabinet	29.05.18	-38,970
New Depot	Cabinet	06.03.18	310,000
Purchase of Commercial Property	Cabinet	17.04.18	Exempt Item
Farnborough International Limited Development Funding	Cabinet	17.04.18	Exempt Item
Brickfield Park Improvement Works	Cabinet	12.06.18	17,000
<b>Total Approved Budget</b>			<b>56,052,790</b>

S106 and Grants & Contributions	SLIPPAGE FROM 2017/18	ORIGINAL BUDGET 2018/19	ADDITIONAL BUDGET APPROVALS 2018/19	TOTAL APPROVED BUDGET 2018/19	FORECAST S106 AND GRANTS & CONT'S AS AT 20.06.2018	VARIANCE
PORTFOLIO	£'000	£'000	£'000	£'000	£'000	£'000
MAJOR PROJECTS AND PROPERTY	(2,400)	(5,380)	0	(7,780)	(6,280)	1,500
CORPORATE AND DEMOCRATIC SERVICES	0	0	0	0	0	0
CUSTOMER EXPERIENCE AND IMPROVEMENT	(7)	0	0	(7)	(3)	4
OPERATIONAL SERVICES	(277)	(2,266)	(17)	(2,560)	(1,505)	1,055
	0	0	0	0	0	0
<b>TOTAL</b>	<b>(2,684)</b>	<b>(7,646)</b>	<b>(17)</b>	<b>(10,347)</b>	<b>(7,788)</b>	<b>2,559</b>

**Variations to Programme Approved 2018/19**

	Approved By	Date	£
Original Budget 2018/19 - Various Projects	Full Council	22.02.18	-7,645,560
Slippage from 2017/18 - Various Projects	Cabinet	29.05.18	-2,688,210
Prespend of 2018/19 - Various Projects	Cabinet	29.05.18	3,800
Brickfield Park Improvement Works	Cabinet	12.06.18	-17,000
<b>Total Approved Budget</b>			<b>-10,346,970</b>