

**CAPITAL PROGRAMME MONITORING 2018/19 -  
POSITION AT SEPTEMBER 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 September 2018.

**RECOMMENDATION:**

Members are requested to note the latest Capital Programme monitoring and the development of a gating process (para 3.6), progress on which will be reported in Quarter 3.

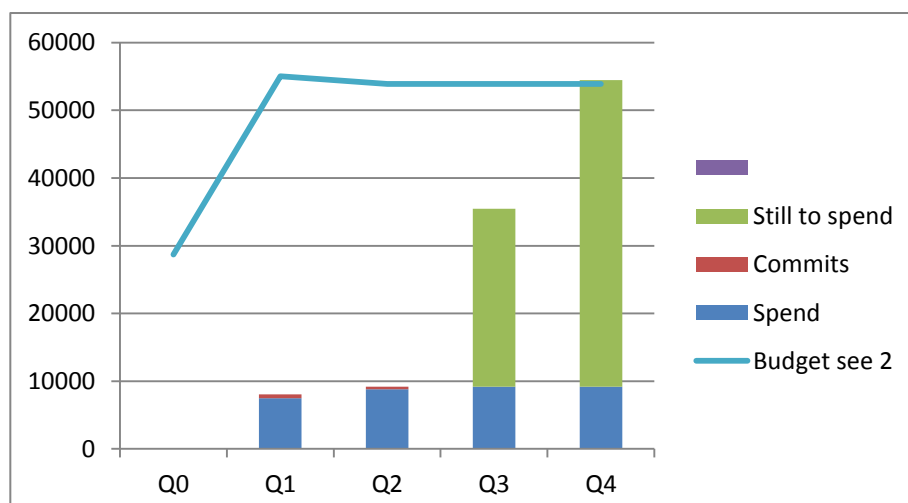
**1. INTRODUCTION**

- 1.1 This report informs Members of the latest forecast regarding the Council's Capital Programme for second quarter of 2018/19, based on the monitoring exercise carried out during September.

**2. BACKGROUND**

- 2.1 Financial Services, in consultation with relevant budget officers, carry out regular monitoring of the Capital Programme. The current position is illustrated in the graph below, with Quarters 3 and 4 illustrating the pace of spend ('still to spend') if the programme is to be achieved.

**Graph 1: spend by Q2, and projection for remaining Quarters £000's**



### 3. CURRENT POSITION

- 3.1 The Council approved the Capital Programme of £28.718m for the financial year 2018/19 on 22 February 2018. Slippage from 2017/18 into 2018-19, plus new schemes, and slippage into 2019-20 results in a revised budget of just under £54m.
- 3.2 Based on the September 2018 monitoring exercise Table 1 shows the current approved budget together with the projected actual capital expenditure for the year 2018/19.

**Table 1: Analysis of capital expenditure and approved budget 2018/19 £000's**

Total approved budget for the year 2018/19	28,718
Additional budget approvals made for the year 2018/19	7,437
Slippage from 2017/18	19,936
Slippage to 2019/20	-2,196
<b>Total approved budget for 2018/19</b>	<b>53,895</b>
<b>Forecast capital expenditure for the year</b>	<b>54,446</b>
(Spend over the approved budget - see para 3.5)	551

- 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) finalisation of accounts relating to the construction of the Council's new Depot,
  - (b) Aldershot Town Centre Integration and Union Street,
  - (d) finalisation of a loan to Farnborough International, and ,
  - (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, which has had various unforeseen issues resulting in an overspend of £699,000 has been completed with lease handed over to SERCO on 4<sup>th</sup> October.
- 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. To improve delivery, a 'gating scheme' is being introduced, which splits a scheme into various stages – for example, planning, procurement, build, final account – so that there is clarity as to how long each stage takes, and what spend will occur in each stage.
- 3.7 During the next quarter, £26.3m is due to be spent as part of programmed regeneration and investment property purchases. The remaining £19m expenditure is due in the final quarter of the financial year.
- 3.8 Additional approvals since last quarter relate to Farnborough International Loan £2.2m.

3.9 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.

#### **4. Revenue effect of Capital Programme**

4.1 If there is slippage in the capital programme to next year, it will have a favourable effect on interest costs in the current year, and MRP costs in the following year.

#### **5 CONCLUSIONS**

5.1 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

Interim Executive Head of Service: Peter Timmins [Peter.Timmins@Rushmoor.gov.uk](mailto:Peter.Timmins@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 11.09.2018	COMMITMENTS AS AT 11.09.2018	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	4,873	48,445	6,865	36	6,901	(41,544)	47,620	(825)	867
CORPORATE AND DEMOCRATIC SERVICES	36	525	2,200	2,761	188	14	202	(2,559)	2,722	(40)	0
CUSTOMER EXPERIENCE AND IMPROVEMENT	(5)	376	37	408	42	54	96	(312)	336	(72)	0
OPERATIONAL SERVICES	643	3,507	327	4,477	1,720	250	1,970	(2,507)	3,768	(710)	1,329
<b>TOTAL</b>	<b>19,936</b>	<b>28,718</b>	<b>7,437</b>	<b>56,091</b>	<b>8,815</b>	<b>354</b>	<b>9,169</b>	<b>(46,922)</b>	<b>54,446</b>	<b>(1,647)</b>	<b>2,196</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
Prepend 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
Council Offices Lift Overhaul	Cabinet	24.07.18	27,000
Relocation of Citizens Advice	Cabinet	24.07.18	10,000

**Total Approved Budget** 56,089,790

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 11.09.2018	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	(27)	(34)	(30)	4
OPERATIONAL SERVICES	(277)	(2,266)	(17)	(2,560)	(1,414)	1,146
	0	0	0	0	0	0
<b>TOTAL</b>	<b>(2,684)</b>	<b>(7,646)</b>	<b>(44)</b>	<b>(10,374)</b>	<b>(7,724)</b>	<b>2,650</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
Prepend of 2018/19 - Various Projects	Cabinet	29.05.18	3,800
Brickfield Park Improvement Works	Cabinet	12.06.18	-17,000
Council Offices Lift Overhaul	Cabinet	24.07.18	-27,000

**Total Approved Budget** -10,373,970



## 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
<b>12 Arthur Street</b>	Delay in decision on how to take the property forward. The overspend is due to unexpected additional skilled trade costs due to insufficient skilled up resources and the loss of casual labour.	<b>44</b>
<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	<p>The project has experienced multiple delays most recently with cables not being sufficiently buried below the ground surface and dewatering issues. .</p> <p>The forecast overspend is just £7k more than reported in Q1</p> <p>Issues with the attenuation tanks and cabling have now been rectified. lease was signed on 4 October and has now been handed over to Serco</p> <p>In respect of the cable works, a claim is going to be put in against the mast operator for up to £167k, if successful, this would therefore reduce the forecast overspend.</p>	<b>699</b>
<b>COMPUTER SYSTEMS</b> <b>IT Equipment Replacement Programme</b>	Due to restrictions by Microsoft on security updates for Windows 7, we are unable to purchase new PCs for 2018/19. Retaining £5k of the original budget to allow us to purchase hardware upgrades for any existing PCs on the network that start to run slowly. In 2019/20 it is expected the PC refresh will recommence as we will be running Windows 10.	<b>(25)</b>

<b>COUNCIL OFFICES</b> Joint Reception	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>(40)</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>

- 2 The major areas of slippage identified to date which are included within the (Appendix A) net reduction in spend of £2,196,270 against the approved Capital Programme are provided in the table that follows:

<b>Scheme</b>	<b>Explanation</b>	<b>Slippage to 2019/20 £000s</b>
<b>REGENERATION</b> <b>Civic Quarter – Farnborough</b>	The original plan for the 2018/19 monies was to carry out due diligence and scheme development of plot D, work on the leisure centre and 50% plot I. The plan is still in development and will be reviewed once the Investment Partnership Business Plan is prepared late November 2018.	<b>(240)</b>
<b>BEAUMONT COMMUNITY CENTRE</b> <b>Improvement works</b>	Delayed until 19/20	<b>(19)</b>
<b>MANOR PARK</b> Lake Improvements	Project on-hold as this is being incorporated into a larger Thames Water attenuation scheme for Manor Park whereby the pond will be dredged and enlarged to act as a SUD.	<b>(15)</b>
<b>PARKS AND OPEN SPACES</b> Ivy Road Sports Pavilion	No change from Q1. 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	No change from Q1. 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>
<b>REGENERATION</b> <b>Housing PRS Delivery</b>	A report is going to Cabinet in October. During 2018/19 the only expenditure required is to carry out planning applications so remainder of budget can carry forward to 2019/20. Estimated remaining spend in 2018/19 being £80,100	<b>(627)</b>



<b>ALPINE SNOWSPORTS Slope Maintenance improvements</b>	Structural Engineer to review the slope with a view to carrying out the works in 2019.	<b>(75)</b>
<b>PLAYGROUNDS Recreation Ground Playground Renewal</b>	On-hold for 2018/19 as seeking further S106 funding to cover required £150k budget .	<b>(150)</b>
<b>CCTV CCTV Equipment Refresh</b>	Temporarily on hold pending procurement of a separate maintenance contract for the CCTV network. The capital refresh programme is interconnected with this procurement process as this will dictate whether it is progressed in tandem or in isolation.	<b>(30)</b>

- 3 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 Lake Improvements</b>	As stated earlier in this report, this project is due to slip to 2019/20 and therefore S106 monies will not be utilised in 2018/19.	<b>15</b>
<b>PARKS AND OPEN SPACES Ivy Road Sports Pavilion</b>	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 Moor Road Recreation Ground Development</b>	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>