

**CAPITAL PROGRAMME MONITORING
POSITION AT MARCH 2019**

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 February 2019.

RECOMMENDATION:

Members are requested to note the latest Capital Programme position.

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 February.

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 revised Capital Programme of £45.737m on 21 February 2019.
- 3.2 Based on the March 2019 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	45,737
Additional budget approvals made for the year 2018/19	24,770
Total approved budget for 2018/19	70,507
Forecast capital expenditure for the year	70,714
Net adverse variance (against approved budget)	207
Slippage/(Pre-spend) to 2019/20	(444)

- 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 Revised Estimate for 2018/19 on 21 February 2019 for the financial year 2018/19.
- 3.5 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.
- 3.6 During the year to date actual expenditure is £26.2m. £44.96m is due to be spent by the year-end, predominantly as part of programmed regeneration and investment property purchases.
- 3.7 Additional approvals of £24.77m since revised budget approval relates to a draw forward of funds from 2019/20 for the potential purchase of investment property in the 2018/19 year. The timing of any property purchase can be fluid and the brought forward budget may not be required for 2018/19.
- 3.8 **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 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 2018/19 Capital Programme is currently forecast to spend £70,714m, £0.2m above the revised approved budget of £70,507m. The variance and increase in approved budget since approval at Council on 21 February is due to significant budget brought forward from 2019/20 related to investment property purchases. Acquisition of property is fluid in nature and future movements resulting from timing of purchases will be regularly reported to members.

Contact Details:

Report Author: Alan Gregory Alan.Gregory@Rushmoor.gov.uk 01252 398441

Executive Head of Service: David Stanley David.Stanley@Rushmoor.gov.uk
01252 398440

CAPITAL PROGRAMME MONITORING SUMMARY 2018/19

Expenditure	ORIGINAL BUDGET 2018/19	ADDITIONAL BUDGET APPROVALS 2018/19	TOTAL APPROVED BUDGET 2018/19	ACTUAL AS AT 07.02.2019	COMMITMENTS AS AT 07.02.2019	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
MAJOR PROJECTS AND PROPERTY	40,173	24,770	64,943	21,607	74	21,681	(43,262)	65,599	656	(643)
CORPORATE AND DEMOCRATIC SERVICES	1,497	0	1,497	1,481	0	1,481	(16)	1,456	(41)	41
CUSTOMER EXPERIENCE AND IMPROVEMENT	330	0	330	160	82	242	(88)	293	(37)	18
OPERATIONAL SERVICES	3,637	0	3,637	2,504	301	2,805	(832)	3,366	(271)	40
PLANNING AND ECONOMY	100	0	100	0	0	0	(100)	0	(100)	100
TOTAL	45,737	24,770	70,507	25,752	457	26,209	(44,298)	70,714	207	(444)

Variations to Programme Approved 2018/19

	Approved By	Date	£
Revised Budget 2018/19 - Various Projects	Full Council	21.02.19	45,737,120
Purchase of Commercial Property	Cabinet	05.02.19	Exempt Item

Total Approved Budget 70,506,620

S106 and Grants & Contributions	ORIGINAL BUDGET 2018/19	ADDITIONAL BUDGET APPROVALS 2018/19	TOTAL APPROVED BUDGET 2018/19	FORECAST S106 AND GRANTS & CONT'S AS AT 07.02.2019	VARIANCE
PORTFOLIO	£'000	£'000	£'000	£'000	£'000
MAJOR PROJECTS AND PROPERTY	(1,500)	0	(1,500)	(1,500)	0
CORPORATE AND DEMOCRATIC SERVICES	0	0	0	0	0
CUSTOMER EXPERIENCE AND IMPROVEMENT	(18)	0	(18)	(21)	(3)
OPERATIONAL SERVICES	(1,442)	0	(1,442)	(1,443)	(1)
PLANNING AND ECONOMY	(100)	0	(100)	0	100
TOTAL	(3,060)	0	(3,060)	(2,964)	96

Variations to Programme Approved 2018/19

	Approved By	Date	£
Revised Budget 2018/19 - Various Projects	Full Council	21.02.19	-3,059,525

Total Approved Budget -3,059,525

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
12 Arthur Street Redevelopment	At the time of revised budget setting, the ledger did not include the full extent of costs which the budget holder had expected were included as a result of timing delays.	13
REGENERATION Aldershot Town Centre Improvements	The project reached its conclusion at the start of the 2018/19 financial year. However, as surplus budget remained, some budget was retained for shop front signage. Due to the scale of other regeneration projects which are underway, resourcing cannot be put to this at this time but may be revisited as part of the wider regeneration of Aldershot in the future.	(11)
IMPROVEMENT GRANTS Housing Renewal Grants (Discretionary)	Renewal grants are discretionary and therefore are not always fully paid out.	(20)
REFUSE / RECYCLING Wheeled Bins	Overspend is as a result of an increase in new builds.	17
NEW DEPOTS Lysons Avenue Depot	The budget was increased at revised budget setting by £595k. The latest forecast is more favourable than previously expected due to a reduction in the final account for the main build and due to costs being sought from the former tenant of the site for the delay and disruption caused by cables laid to a telephone mast (both cases are subject to agreement)	(200)
CAR PARKS Car Park Enhancements	The underspend is attributable to the successful tenderer coming in at less than anticipated within the budget.	(18)
COMPUTER SYSTEMS ICT Strategy and Customer First Projects	Work has completed on the purchase of G/on tokens for flexible working, the purchase of iPads for Building Control mobile working and the bottomline payments system upgrade.	(37)

	<p>The Office 365 project is still ongoing. The Veeam backup project is nearing completion, just need to finish moving Princes Hall and the Crematorium from a physical server to a virtual server.</p> <p>Annual penetration testing is delayed until April 2019 due to retendering the contract.</p> <p>The CSU customer queuing system is likely to be delayed until 2019/20 due to delays by the provider responding to technical queries raised. This is reflected in the under spend figure and is also included as slippage below.</p>	
<p>CAR PARKS Aldershot Park Car Park - Installation of LED powered lighting columns</p>	<p>Project will be completed in 2018/19. Underspend is due to quotes being lower through the tendering process.</p>	(10)

- 2 The major areas of slippage/(Pre-spend) identified to date which are included within the (Appendix A) net increase in spend of £444,155 against the approved Capital Programme are provided in the table that follows:

Scheme	Explanation	Slippage /(Pre-spend) to 2019/20 £000s
<p>INVESTMENT PROPERTY Property Purchases</p>	<p>The pre-spend relates to multiple property acquisitions. Part of the pre spend is to advance proceedings on a property with the actual acquisition to take place in 2019/20 and part is subject to further Cabinet approval on 5 March 2019.</p>	(807)
<p>Flexible Use of Capital Receipts Various Projects</p>	<p>Some budgets have been pre spent and some budgets are to slip. A full breakdown is included in the Revenue Budget Monitoring and Forecasting 2018/19 report.</p>	41
<p>REGENERATION Activation Aldershot - Project 2 Phase 6 - Station Forecourt Improvements</p>	<p>The project has been delayed further due to being integrated within the Windsor Way highway improvements.</p>	100
<p>CYCLEWAY LINKS Hazel Avenue to Arrow Road</p>	<p>A contractor is still to be identified but it is hoped that work on this should start around April 2019.</p>	23

COMPUTER SYSTEMS ICT Strategy and Customer First Projects	The CSU customer queuing system is likely to be delayed until 2019/20 due to delays by the provider responding to technical queries raised,	18
REGENERATION Housing PRS Delivery	A small amount is expected to be incurred on architects, valuers and other professional fees in 2018/19 but the remainder of the budget can slip to 2019/20.	64
CREMATORIUM New Cremator and Transfer Cabinet	The contractor has undertaken site surveys but there is doubt that this project will be completed in 2018/19 as the contractor needs to build the product.	21
AFFORDABLE HOMES GRANT Affordable Homes Grant Funding	Practical completion of the properties is delayed resulting in forecast budget slippage.	100

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

Scheme	Explanation	Grant funding £000s
AFFORDABLE HOMES GRANT Affordable Homes Grant Funding	As stated earlier in this report, this project is due to slip to 2019/20 and therefore Affordable Homes Funding will not be utilised in 2018/19.	100
REFUSE / RECYCLING Wheeled Bins	As stated earlier in this report, this project is overspent in 2018/19 and is partially offset by an increase in developer contributions.	(10)
CAR PARKS Aldershot Park Car Park - Installation of LED powered lighting columns	As stated earlier in this report, this project is underspent in 2018/19 and therefore the S106 Funding required is reduced.	10