

**CAPITAL PROGRAMME MONITORING 2016/17  
POSITION AS AT OCTOBER 2016**

**SUMMARY AND RECOMMENDATIONS:**

**SUMMARY:** This report informs Members of the latest forecast of the Council's Capital Programme for 2016/17, based on the monitoring exercise carried out during October.

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

**1. INTRODUCTION**

- 1.1 This report informs Members of the Council's Capital Programme latest forecast for 2016/17, based on the monitoring exercise carried out during October.

**2. BACKGROUND**

- 2.1 Financial Services, in consultation with relevant budget officers, carry out regular monitoring of the Capital Programme.
- 2.2 A Portfolio summary of the overall position is shown in Appendix A.

**3. CURRENT POSITION**

- 3.1 On the 25th February 2016, the Council approved the 2016/17 Capital Programme of £8,802,000 with a clear expectation that additional approvals would be made during the year, particularly in relation to projects falling within the Council's 8-point plan or that supported strategic priorities such as regeneration of our town centres. This would allow for those projects to come forward for individual consideration once schemes were sufficiently developed and evaluated. As can be seen at Appendix A, some £15.5m expenditure has now been approved for the acquisition of commercial properties, which will return significant on-going revenue income to the Council as part of its 8-point plan for future sustainability, while £3.2m has been approved for the purchase of sites in Aldershot as part of the Council's regeneration plans.
- 3.2 These additional schemes once combined with slippage from the previous financial year (2015/16) and other additional approvals (largely for urgent repair works to Council-owned property) bring the total approved Capital Programme for 2016/17 to £34,960,000.

- 3.3 It should be noted that the size of the current year's capital programme means that the Council has now marginally reduced its investments and is also borrowing in order to maintain sufficient cash to service its capital requirements. The Q2 2016/17 revenue monitoring report (elsewhere on this agenda) reflects these changes, by way of reduced interest income and interest costs to be incurred in the current financial year.
- 3.4 Based on the October 2016 monitoring exercise, the forecast outturn for 2016/17 is expected to be £27,547,000; with a forecast shortfall of £7,413,000 against the approved Total Capital Programme of £34,960,000.
- 3.5 The major areas of slippage identified to date which are included within the net reduction in spend of £7,100,000 against the approved Capital Programme (Appendix A) are as follows:

<b>Scheme</b>	<b>Explanation</b>	<b>Slippage to 2017/18 £000s</b>
<b>Activation Aldershot</b> Project 2 Phase 6, Aldershot Station	Further works have been undertaken in relation to the costing of the scheme and obtaining external funding. The entire project is unlikely to be completed until December 2017.	<b>(1,600)</b>  As reported in Q1
<b>Depot</b> The development of a Council-owned depot	Demolition works are due to take place during 2016/17 but the main build is not expected to take place until 2017/18.	<b>(1,674)</b>  ((1,000) previously reported in Q1)
<b>Suitable Alternative Natural Greenspace (SANG)</b> Land purchase at Ball Hill	Due to difficulties with being able to agree the purchase of this land, it is unlikely any sale will complete in 2016/17. The amount borrowed in is now to be repaid. The Local Enterprise Partnership has however offered to ring-fence the returned funds while the Council seeks to finalise the purchase.	<b>(1,696)</b>
<b>12 Arthur Street</b> Improvement works	Planning consent is still to be applied therefore improvement works will not be completed in 2016/17.	<b>(100)</b>
<b>Purchase of Property for Regeneration</b> Union Street	There will be delays to the acquisition of some of these properties due to complexities in the purchase process.	<b>(1,172)</b>

<b>Alpine Ski Centre</b> Replacement toilets and viewing area	Decisions are still to be made as to what avenue to take with the works, such as where to locate the new building. Works will not be completed in 2016/17.	<b>(64)</b>
<b>Alpine Ski Centre</b> Slope maintenance	Due to delays with other projects at the Ski Centre, the slope maintenance works will not be completed in 2016/17.	<b>(38)</b>
<b>Aldershot Pool</b> Insulation and coating	Works have been completed to the interior ceiling but a more unsettled period with the weather means that the works to the roof will not be commenced until 2017/18.	<b>(72)</b>
<b>Aldershot Town Centre</b> Activation Aldershot	The amount to be slipped to 2017/18 is a 5% retention which will eventually be payable to Grainger.	<b>(75)</b>
<b>Cemeteries</b> Repairs to Redan Road boundary wall	Due to difficulties in getting residents' consent to do the repairs to the wall, this project will not be completed in 2016/17.	<b>(30)</b>
<b>ICT Strategy &amp; Customer First</b> Council website	Other ICT projects carry a higher priority and this project will not be completed in 2016/17.	<b>(25)</b>
<b>Finance</b> Flexible use of capital receipts	In 2016/17, one project is recognised as meeting the funding criteria associated with the flexible use of capital receipts budget. It is therefore anticipated that the remainder of the budget will slip into 2017/18. The use of the flexible capital receipt can be applied in the two years that follow the current year (17/18 & 18/19).	<b>(490)</b>

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

<b>Scheme</b>	<b>Explanation</b>	<b>Over / (Under) Spend £000s</b>
<b>Farnborough Leisure Centre</b> Foyer Lift	Additional works have been included in the framework contractor's quote following a discussion between the contractor and the consultant.	<b>10</b>  As reported in Q1
<b>Activation Aldershot</b> Project 2 Phase 6, Aldershot Station	Savings have emerged as a result of the detailed design stage being completed.	<b>(200)</b>  As reported in Q1
<b>Osborne Road Recreation Ground</b> Refurbishment	The project has been scaled down due to a reduction in external funding.	<b>(16)</b>
<b>Manor Park</b> Playground Refurbishment	The project has been scaled down from £160k to £150k due to a reduction in external funding.	<b>(10)</b>
<b>Purchase of Commercial Property</b> 10A Wellesley House	Refurbishment works prior to letting were not factored into the original budget.	<b>52</b>
<b>Purchase of Commercial Property</b> 20 Blackwater Way Industrial Estate	Value of works lower than anticipated.	<b>(6)</b>
<b>Purchase of Commercial Property</b> 168 High Street Guildford	The full extent of the Stamp Duty Land Tax was not included in the original budget.	<b>24</b>
<b>Purchase of Commercial Property</b> Dominion Road, Worthing	The costs associated with purchasing the property were slightly over estimated.	<b>(6)</b>
<b>Beaumont Park</b> Boundary Wall	There was uncertainty when the budget was agreed how much of the materials could be reused. As a result an overspend is currently anticipated.	<b>30</b>
<b>Disabled Facilities Grants (Mandatory)</b>	There will be a reduction in spend to bring in line with the Better Care Fund grant.	<b>(176)</b>

3.7 Significant projects completed by the end of Quarter 2, 2016/17 are given in the table that follows:

<b>Scheme</b>	<b>Amount Spent £000s</b>	<b>Variance £000s</b>
<b>Pyestock Crescent</b> Playground improvements	81	1
<b>Princes Hall</b> Main room sound system	29	(1)
<b>Rowhill Nature Reserve</b> Timber structure	6	(5)
<b>Beaumont Park</b> Beaumont Guards Room Internal Redecoration	11	(2)
<b>Crematorium</b> Waiting room modernisation	20	-
<b>ICT Strategy &amp; Customer First</b> HR Portal	11	1

#### **4. CONCLUSIONS**

- 4.1 Slippage has been identified on several schemes and these are shown in this report, along with any other material variations.
- 4.2 The Council's 2016/17 Capital Programme is currently forecast to spend £27.6m, £18.8m above the original approved budget of £8.8m, largely due to the inclusion of significant commercial property acquisitions under the Council's 8-point plan for financial sustainability, which will provide on-going revenue income to support the Council's priorities.

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**CAPITAL PROGRAMME MONITORING SUMMARY QUARTER 2 - 2016/17**

PORTFOLIO	SLIPPAGE FROM 2015/16	ORIGINAL BUDGET 2016/17	ADDITIONAL BUDGET APPROVALS 2016/17	TOTAL APPROVED BUDGET 2016/17	ACTUAL AS AT 30.09.16	VARIANCE	FORECAST SPEND 2016/17	FORECAST SPEND LESS APPROVED BUDGET	SLIPPAGE TO 2017/18
	£000	£000	£000	£000	£000	£000	£000	£000	£000
CORPORATE SERVICES	2,795	2,117	19,340	24,252	15,493	(8,759)	20,832	(3,420)	3,483
LEISURE & YOUTH	313	725	54	1,092	260	(832)	829	(263)	238
ENVIRONMENT & SERVICE DELIVERY	2,173	5,119	1,071	8,363	1,686	(6,677)	4,809	(3,554)	3,379
BUSINESS, SAFETY AND REGULATION	0	0	0	0	0	0	0	0	0
HEALTH & HOUSING	392	841	20	1,253	429	(824)	1,077	(176)	0
<b>TOTAL</b>	<b>5,673</b>	<b>8,802</b>	<b>20,485</b>	<b>34,960</b>	<b>17,868</b>	<b>(17,092)</b>	<b>27,547</b>	<b>(7,413)</b>	<b>7,100</b>

~ Variations to Programme Approved 2016/17

	Approved By	Date	£
Original Budget 2016/17	Full Council	25.02.2016	8,802,000
Flexible Use of Capital Receipts	Cabinet	29.03.2016	500,000
Beaumont Park Wall - Emergency works and repairs	Cabinet	26.04.2016	184,000
Slippages from 2015/16	Cabinet	31.05.2016	5,673,000
Phase 6 of the Activation Aldershot project	Cabinet	31.05.2016	760,000
Additional wheeled bins for garden waste service	Cabinet	31.05.2016	17,000
Ground Works Hawley Lane	DMB / Cabinet	21.06.2016 / 28.07.2016	12,000
Farnborough Leisure Centre Foyer Lift	Cabinet	28.06.2016	54,000
Wellesley Site Aldershot Wet Hostel	Cabinet	28.06.2016	20,000
Meetings and Decisions Management System	Cabinet	28.06.2016	15,000
Various regarding the development of the new depot	Cabinet	26.07.2016	98,000
Purchase of Commercial Property	Cabinet	28.06.2016	8,694,000
Purchase of Commercial Property	Cabinet	26.07.2016	6,311,000
Purchase of Property for Regeneration	Cabinet	20.09.2016	3,232,000
Purchase of Commercial Property	Cabinet	26.07.2016	557,000
Fan coils in the Council Chamber	Urgency Decision	20.09.2016	31,000
<b>Total Approved Budget</b>			<b>34,960,000</b>