

**CAPITAL PROGRAMME MONITORING AND FORECASTING
- POSITION AS AT JULY, 2019**

SUMMARY AND RECOMMENDATIONS:

SUMMARY:

This report informs Members of the latest forecast of the Council's Capital Programme for 2019/20 based on the monitoring exercise carried out during June 2019.

RECOMMENDATION:

Members are requested to:

- i) Members are requested to note the latest Capital Programme position.
- ii) Approve the additional capital requests during 2019/20

1 INTRODUCTION

- 1.1 This report informs Members of the latest forecast regarding the Council's Capital Programme for the first quarter of 2019/20, based on the monitoring exercise carried out during June.

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**.

2 CURRENT POSITION

- 3.1 The Council approved the Capital Programme of £70.231m on 21 February 2019.
- 3.2 Based on the June 2019 monitoring exercise Table 1 shows the current approved budget together with the projected actual capital expenditure for the year 2019/20.

Table 1: Analysis of capital expenditure and approved budget 2019/20 £000's

Total approved budget for the year 2019/20	70,231
Additional budget approvals made for the year 2019/20	(31,862)
Slippage from 2018/19	34,012
Total approved budget for 2019/20	72,381
Actual plus commitments as at Quarter 1	29,688
Forecast capital expenditure for the year	72,244
Net favourable variance (against approved budget)	(137)
Slippage/(Pre-spend) to 2020/21	(414)

- 3.2 There are some projects of major financial significance included in the Council's approved Capital Programme for 2019/20. These projects are:
- (a) Aldershot Town Centre Integration and Union Street
 - (b) Civic Quarter development
 - (c) finalisation of a loan to Farnborough International, and,
 - (d) further acquisition of investment properties.
- 3.3 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 Estimate for 2019/20 on 21 February 2019 for the financial year 2019/20.
- 3.4 The Capital Programme is a significant undertaking for the Council in terms of magnitude and complexity. The scale of slippage into 2019/20 and variation in programme highlights the need for close monitoring and clear project management across the whole Council.
- 3.5 During the year to date actual expenditure including commitments is £29.7m. £42.3m is due to be spent by the year-end, predominantly as part of programmed regeneration and investment property purchases.
- 3.6 Additional approvals of -£31.9m since budget approval relates to funds being drawn forward into 2018/19 to facilitate regeneration and investment property purchases. The timing of any property purchase can be fluid and any movement in the capital programme is reported for approval.
- 3.7 As part of the budget setting process for the 2019/20 capital programme, several items were subject to business cases. The following table sets out the IT and Rushmoor 2020 projects that require approval to proceed:

Table 2: Capital business cases

Project	Service	2019/20 (£000)	Comments
Corporate Finance System - Integra additional modules	Operation & IT	10	Service Improvement - Integra additional modules
Property Asset and Estates Management System	Operation & IT	20	Service Improvement - Purchase of a new system
Online Learning Platform	Operation & IT	11	Service Improvement - One off purchase cost - subject to further investigation - maybe able to use existing online training system used by H & S
Legal System	Operation & IT	20	Service Improvement - Estimate only - subject to business case 2019
Web Site	Modernisation/RBC 2020	90	Service Improvement - Redesign to modern transactional website standards to deliver improved customer experience and requirements of Rushmoor 2020 . Ensure re-platform to cloud
Staff Hub redesign	Modernisation/RBC 2020	15	Service Improvement - To reengineer councils staff hub 1) design agency requirement 2) third party technical support
Love Rushmoor App	Modernisation/RBC 2020	10	Service Improvement - Integration to additional applications (to be defined)
Telephony - call centre upgrade	Modernisation/RBC 2020	15	Service Improvement - Provision of further integration/automation of telephony system with web chat/social media etc.
Mobile working	Modernisation/RBC 2020	15	Service Improvement - Introduction/improvements of mobile solutions for HR, Traffic Management and operational services
Subtotal all BC Projects		206	

3.8 The following are additional approvals requested to facilitate capital projects within 2019/20:

- The Games Hub: An ongoing project for the Council. To enable the project to progress, a further £100k to the capital programme is requested that will be fully funded by the LEP funding. Bringing the total budget to £867k.
- Office 365: The implementation of Office 365 is an important operational project for the Council. In 2018/19 there was a budget for the Office 365 project but no such budget exists in 2019/20. During 2019/20 additional expenditure of £21k has occurred to continue the project. Approval for the additional £21k in 2019/20 is requested.
- Blunden Road Recreation Ground: Section 106 funding for planned playground works at Cove Green has not been received. Section 106 funding is available for playground works at Blunden Road Recreation Ground. Approval is requested for playground works at Blunden Road Recreation Ground of £104K to replace the planned Cove Green works (£150K). The project is to be fully funded from Section 106 contributions.

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.

3.10 Members are to note the purchase of Voyager House took place in the 2018/19 financial year, with £4.4m being drawn forward into 2018/19 from 2020/21 to facilitate the initial purchase. Further conversion works will be required for the Clinical Commission Group (CCG) to occupy the premises. To facilitate the conversion works the remaining budget in 2020/21 capital programme of £0.5m is required to be drawn forward into 2019/20.

3.11 A detailed report will be brought to Cabinet in the Autumn to clarify the budget required and timings of conversion following further dialogue with the CCG.

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 2019/20 Capital Programme is currently forecast to spend £72.244m, £0.137m below the approved budget of £72.381m. The variance and increase in approved budget since approval at Council on 21 February is due to timing differences in property purchases either side of the financial years. Acquisition of property is fluid in nature and future movements resulting from timing of purchases will be regularly reported to members.

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CAPITAL PROGRAMME MONITORING SUMMARY 2019/20

Expenditure	SLIPPAGE FROM 2018/19	ORIGINAL BUDGET 2019/20	ADDITIONAL BUDGET APPROVALS 2019/20	TOTAL APPROVED BUDGET 2019/20	ACTUAL AS AT 21.06.2019	COMMITMENTS AS AT 21.06.2019	ACTUALS PLUS COMMITMENTS	VARIANCE	FORECAST SPEND 2019/20	FORECAST SPEND LESS APPROVED BUDGET	SLIPPAGE TO 2020/21
PORTFOLIO	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
MAJOR PROJECTS AND PROPERTY	33,559	65,056	(31,902)	66,713	29,657	7	29,664	(37,049)	67,292	579	(500)
CORPORATE AND DEMOCRATIC SERVICES	64	1,224	0	1,288	0	0	0	(1,288)	1,257	(31)	0
CUSTOMER EXPERIENCE AND IMPROVEMENT	10	321	0	331	21	51	72	(259)	331	0	55
OPERATIONAL SERVICES	279	3,510	40	3,829	10	170	180	(3,649)	3,144	(685)	31
PLANNING AND ECONOMY	100	120	0	220	0	0	0	(220)	220	0	0
TOTAL	34,012	70,231	(31,862)	72,381	29,688	228	29,916	(42,465)	72,244	(137)	(414)

Variations to Programme Approved 2019/20

	Approved By	Date	£
Original Budget 2019/20 - Various Projects	Full Council	21.02.19	70,230,640
Purchase of Commercial Property advance to 2018/19	Cabinet	05.02.19	Exempt Item
Southwood Golf Course SANG Wetland	Cabinet	05.03.19	40,000
Purchase of Commercial Property advance to 2018/19	Cabinet	05.03.19	Exempt Item
Civic Quarter Farnborough advance to 2018/19	Cabinet	05.03.19	Exempt Item
Slippage from 2018/19 - Various Projects	Cabinet	28.05.19	34,049,040
Prespend of 2019/20 - Various Projects	Cabinet	28.05.19	-36,640
Commercial Property Enhancement	Cabinet	28.05.19	Exempt Item

Total Approved Budget 72,381,510

S106 and Grants & Contributions	SLIPPAGE FROM 2018/19	ORIGINAL BUDGET 2019/20	ADDITIONAL BUDGET APPROVALS 2019/20	TOTAL APPROVED BUDGET 2019/20	FORECAST S106 AND GRANTS & CONT'S AS AT 21.06.2019	VARIANCE
PORTFOLIO	£'000	£'000	£'000	£'000	£'000	£'000
MAJOR PROJECTS AND PROPERTY	(1,490)	(8,702)	(67)	(10,259)	(10,337)	(78)
CORPORATE AND DEMOCRATIC SERVICES	0	0	0	0	0	0
CUSTOMER EXPERIENCE AND IMPROVEMENT	0	0	0	0	(18)	(18)
OPERATIONAL SERVICES	(184)	(2,570)	(20)	(2,774)	(2,131)	643
PLANNING AND ECONOMY	(100)	0	0	(100)	(100)	0
TOTAL	(1,774)	(11,272)	(87)	(13,133)	(12,586)	547

Variations to Programme Approved 2019/20

	Approved By	Date	£
Original Budget 2019/20 - Various Projects	Full Council	21.02.19	-11,271,670
Southwood Golf Course SANG Wetland	Cabinet	05.03.19	-20,000
Slippage from 2018/19 - Various Projects	Cabinet	28.05.19	-1,792,200
Prespend of 2019/20 - Various Projects	Cabinet	28.05.19	17,690
Commercial Property Enhancement	Cabinet	28.05.19	Exempt Item

Total Approved Budget -13,133,180

APPENDIX B

Over/Underspend, 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
FLEXIBLE USE OF CAPITAL RECEIPTS	No activity to report on planned projects, £30,590 of capital receipts which have been realised for flexible use schemes that have not been assigned against a specific project.	(31)
COUNCIL OFFICES Accommodation and upgrades	Spend on the Council Offices boiler replacement. Boiler replacement is likely to be completed early September.	18
REGENERATION The Games Hub	A variation to the capital programme of £100k is requested (to be fully funded by the LEP) to bring the overall budget to £867k.	100
IMPROVEMENT GRANTS Disabled facility grant (Mandatory)	At the time the original budget was set the better care fund for 2019/20 was unknown. Forecast overspend is to align with actual better care fund to be received.	78
PARKS AND OPEN SPACES Ivy Road Sports Pavilion	Project discontinued in 2018/19, net effect is nil as the project was to be fully funded from grants and contributions	(610)
PARKS AND OPEN SPACES Moor Road Recreation Ground Development	Forecast is less than original budget due to a revision in the project. Decision from Sport England on 10th July for funding bid is pending, and cabinet report seeking permission to proceed with project assuming successful bid to Sport England to follow.	(72)
PLAYGROUNDS Cove Green	Forecast spend has been set based upon the proposed site being Blunden Road instead of Cove Green. Approval for £104k budget for Blunden Road is requested in the main report.	(46)
COUNCIL OFFICES Co-location – Relocation of Voluntary Groups	Provisional outturn 2018/19 reported a £19k overspend on this project, with no budget slippage to 2019/20 and a further £10k overspend needs to be declared for expenditure in 2019/20 giving the overall overspend over the two financial years of £29k. There is no further expenditure to be incurred and the project is now	10

	complete.	
COMPUTER SYSTEMS Office 365	In 2018/19 there was a budget for the Office 365 project, but no such budget exists in 2019/20. Expenditure of £21k has occurred related to Office 365. Approval for the spend in 19/20 has been requested within the report	21
INVESTMENT PROPERTIES 168 High Street Guildford	Forecast spend is lower as a result of the quotations under budgeted amount.	(22)

- 2 The major areas of slippage/(Pre-spend) identified to date which are included within the (Appendix A) net increase in spend of £414,000 against the approved Capital Programme are provided in the table that follows:

Scheme	Explanation	Slippage / (Pre-spend) to 2019/20 £000s
INVESTMENT PROPERTIES Voyager House	Remaining 2020/21 capital budget drawn forward into 2019/20	(500)
NEW DEPOTS Hawley Lane Development Works	Architects services have been employed but some budget slippage is anticipated.	31
COMPUTER SYSTEMS Council Website	Project is in the feasibility stage with some work expected to commence in 2019/20. A business case is estimated to be presented for approval around Q3.	55

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

Scheme	Explanation	Grant funding £000s
IMPROVEMENT GRANTS Disabled facility grant (Mandatory)	At the time the original budget was set the better care fund for 2019/20 was unknown. Forecast over achievement of grant is to align with actual better care fund to be received.	(78)
COUNCIL OFFICES Accommodation and upgrades	Spend on the Council Offices boiler replacement. Boiler replacement is likely to be completed early September and is to be funded from the Service	(18)

	Improvement Fund.	
REGENERATION The Games Hub	A variation to the capital programme of £100k has been requested as part of this report, this is to be funded from a LEP grant.	(100)
PARKS AND OPEN SPACES Ivy Road Sports Pavilion	Project discontinued in 2018/19, net effect is nil as the project was to be fully funded from grants and contributions	610
PARKS AND OPEN SPACES Moor Road Recreation Ground Development	Grants and contributions forecast reduced in line with forecast expenditure due to the project being scaled down.	72
PLAYGROUNDS Cove Green	Forecast spend has been set based upon the proposed site being Blunden Road instead of Cove Green. Approval for £104k budget for Blunden Road is requested in the main report.	46
INVESTMENT PROPERTIES 168 High Street Guildford	Forecast spend is lower as a result of the quotations under budgeted amount.	22