

**CAPITAL PROGRAMME MONITORING AND FORECASTING  
- POSITION AS AT MARCH 2020**

**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 February 2020.

**RECOMMENDATION:**

Members are requested to note the latest Capital Programme position, as set out in Tables 1 and 2.

**1 INTRODUCTION**

- 1.1 This report informs Members of the latest forecast regarding the Council's Capital Programme for 2019/20, based on the monitoring exercise carried out during February.
- 1.2 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.

**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 £50.628m on 20 February 2020. Based on February 2020 monitoring exercise Table 1 shows the reconciliation of budget changes 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*	50,628
Pluss: Additional budget approvals made for the year 2019/20 **	195
<b>Total approved budget for 2019/20</b>	<b>50,823</b>
<b>Actual plus commitments as at Quarter 4</b>	<b>44,874</b>
<b>Forecast capital expenditure for the year</b>	<b>47,175</b>
<b>Net favourable variance (against approved budget)</b>	<b>(3,648)</b>
Projected Slippage/(Pre-spend) to 2020/21 ***	3,398

\* As reported to Cabinet in the Revenue Budget, Capital Programme and Council Tax report FIN2007 (04/02/2020)

\*\* Cabinet Reports OS1915 (16/12/2019), RP1903 (05/02/2019) and RP2001 (07/01/2020)

\*\*\* Projected slippage based on the forecast at Q4.

- 3.2 Table 2 shows the outturn forecast for each scheme with 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 2019/20 on 20 February 2020.
- 3.3 The Capital Programme is a significant undertaking for the Council in terms of magnitude and complexity. The scale of the projected slippage into 2019/20 and variation in programme highlights the need for close monitoring and clear project management across the whole Council.
- 3.4 During the year to date actual expenditure including commitments is £44.9m. £47.2m is due to be spent by the year-end, predominantly as part of programmed regeneration and investment property purchases.
- 3.5 Additional approvals of £0.2m since budget approval relates to feasibility and design work for the leisure centre and demolition and other pre-development work associated with Elles Hall.
- 3.6 The monitoring of the ICE Programme capital and revenue budget have highlighted that the allocation between revenue and capital may need to be realigned. There is currently a projected £17,000 overspend on the Customer Relationship Management (CRM) capital budget, however the revenue budget is projected to be underspent by £45,000. In addition, the Cloud, Infrastructure and Security revenue budget is projected to be £41,000 overspent, while the corresponding capital budget is projected to be underspent by £40,000. The capital and revenue expenditure within these budgets will be reviewed to determine the correct categorisation between revenue and capital.
- 3.7 **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.

**Table 2: Capital Programme Outturn Forecast**

Ref	Portfolio and Capital Scheme	2019/20 Revised Budget (£'000)	2019/20 Additional items (£'000)	2019/20 Approved Budget (£'000)	2019/20 Outturn Forecast (£'000)	2019/20 Forecast Variance (£'000)
	<b>Major Projects and Property</b>					
*	Aldershot Town Centre Projects	1,941		1,941	1,878	(63)
*	Civic Quarter Farnborough	5,460	195	5,655	5,477	(178)
*	Housing Company	730		730	45	(685)
*	Commercial Property	36,030		36,030	34,149	(1,881)
*	Property Enhancements	72		72	0	(72)
*	Union Street Aldershot	1,377		1,377	1,512	136
*	Other	31		31	41	10
	<b>Subtotal MP&amp;P</b>	<b>45,640</b>	<b>195</b>	<b>45,835</b>	<b>43,102</b>	<b>(2,733)</b>
	<b>Corporate and Democratic Services</b>					
	Farnborough International	1,100		1,100	1,100	0
	Flexible Capital Receipts	187		187	163	(25)
	<b>Subtotal C&amp;DS</b>	<b>1,287</b>		<b>1,287</b>	<b>1,263</b>	<b>(25)</b>
	<b>Customer Experience and Improvement</b>					
*	Computer Systems	93		93	49	(44)
	Council Offices	94		94	105	12
	<b>Subtotal CE&amp;I</b>	<b>186</b>		<b>186</b>	<b>154</b>	<b>(32)</b>
	<b>Operational Services</b>					
	Aldershot Pools Complex	40		40	40	0
	Alpine Snowsports	75		75	89	14
	Beaumont Community Park	16		16	16	0
*	Car Parks	272		272	23	(249)
	Cemeteries	21		21	21	0
	Crematorium	40		40	40	0
	Cycleway Links	23		23	23	0
*	Depots	76		76	42	(34)
	Farnborough Leisure Centre	30		30	30	0
	Ivy Road Playing Fields					0
	Manor Park					0
*	Moor Road Development	470		470	330	(140)
*	Parks and Open Spaces	570		570	489	(81)
	Playground Works					0
	Refuse/Recycling	83		83	100	17
*	Southwood Community Centre	20		20	0	(20)
	Street Cleaning	14		14	14	0
*	Improvement Grants (DFG)	1,264		1,264	1,058	(206)
	<b>Subtotal OS</b>	<b>3,014</b>		<b>3,014</b>	<b>2,315</b>	<b>(699)</b>
	<b>Planning and Economy</b>					
	Affordable Homes Grant	100		100	100	0
	Princes Hall	120		120	115	(5)
	<b>Subtotal P&amp;E</b>	<b>220</b>		<b>220</b>	<b>215</b>	<b>(5)</b>
*	<b>ICE Programme</b>	<b>281</b>		<b>281</b>	<b>126</b>	<b>(155)</b>
	<b>TOTAL Capital Programme</b>	<b>50,629</b>	<b>195</b>	<b>50,824</b>	<b>47,175</b>	<b>(3,649)</b>

- 3.8 The paragraphs below set out the key variations (those identified with \* in the Ref column) in the same format as Table 2

## **Major Projects and Property**

### **3.9 Aldershot Town Centre Projects (£63k underspend/slippage)**

#### Games Hub (£63k slippage)

There have been unforeseen delays to the project, largely around the acquisition of the Old Town Hall by the external partner, with an element still to be delivered in 2020/21.

### **3.10 Civic Quarter Farnborough (£178k underspend/slippage)**

Cabinet approval was granted for £195k of the 2020/21 budget to be brought forward to enable feasibility and design work associated with the leisure centre and demolition and other pre-development work associated with Elles Hall but neither of these workstreams are expected to be completed in 2019/20.

### **3.11 Housing Company (£685k underspend/slippage)**

Slippage on the Capital Scheme as the Housing Company will not become operational until April 2020 following formal incorporation. For reference, Council approved the Housing Company's Business Plan in February 2020.

### **3.12 Commercial Property (£1.881m underspend/slippage)**

There are a number of elements to the £1.8m forecast slippage:

#### 168 High Street Guildford (£15k underspend)

Glass floor replacement; fire lining; air conditioning; and other miscellaneous repairs  
The works carried out were expected to resolve the existing issues at the property and would have resulted in an underspend, however some issues remain outstanding and therefore further works are to be completed during 2020/21.

#### Trafalgar House, Winchester (£16k overspend)

Purchase completed during 2019/20, with associated costs exceeding previous estimate. Budget to be drawn forward from the 2020/21 unspecified property acquisitions purchase(s) budget to meet overspend.

#### Voyager House (£1.883m slippage)

Site works are due to start 30 March 2020 and build is estimated to take 18 weeks completing 30 July 2020

### **3.13 Property Enhancements (£72k slippage)**

Frimley 4 Business Park - The chiller refurbishment related to unit 4.4 is now planned to take place in 2020/21 due to ongoing discussions with our Managing Agents.

### **3.14 Union Street Aldershot (£136k overspend)**

#### Union Street (£136k overspend)

£63k pre-spend on 36-62 Union Street due to unforeseen/increased compensation payments on acquired properties. In addition, there was pre-spend of the 2020/21 budget of £72k to facilitate a property purchase where costs exceed previous estimate.

### **3.15 Other (£10k overspend)**

The budget for Southwood depot was increased from £20k to £31k due to the overspend reported to Cabinet in November. The estimated project cost have now increased to £41,000 leading to an additional overspend of £10k (£21k over the duration of the project)

## Customer Experience and Improvement

### 3.16 Computer Systems (£44k underspend)

#### IT Equipment Replacement Programme (£22k underspend)

Budget slippage is required based on the Windows 10 project delay resulting in refreshes due for 2019/20 not being possible in year.

#### Telephony Call Centre Upgrade (£15k underspend)

Project is delayed and is now due to take place in 2020/21.

## Operational Services

### 3.17 Car Parks (£249k underspend)

The underspend is comprised of £120k for Car Park enhancements, £80k for the resurfacing of Kingsmoat Car Park, £50k for Pinehurst Car Park Security.

Budget has been slipped over the past couple of years whilst plans on regeneration have been determined. Such decisions are ongoing and as such, the budget is to be released and reapplied for if deemed still relevant after such decisions have been made.

### 3.18 Depots (£34k underspend)

Hawley Lane Development Works - Project delayed until 2020/21 due to ongoing dialogue with current occupier continues

### 3.19 Moor Road Development (£140k underspend)

The BMX pump track and car park will not be undertaken in 2019/20 resulting in approximate slippage of £140,000 into 2020/21 for these facilities.

### 3.20 Parks and Open Spaces (£81k underspend)

Park Improvements - This budget is for unspecified park improvements which are determined throughout the year. It has not been possible to progress some projects due to a lack of staff resources.

### 3.21 Southwood Community Centre (£20k underspend)

The project for Internal decoration of the centre has not progressed in 2019/20 and budget slipped to 2020/21.

### 3.22 Improvement Grants (£206k underspend)

#### Disabled Facilities Grants (DFGs) (£186k underspend)

Referrals equivalent to the 2019/20 budget are expected to be agreed but not necessarily paid out and therefore the funding is to slip accordingly.

#### Housing Renewal Grants (£20k underspend)

Forecast underspend is to align with actual Housing Renewal Grant expected to be paid out. Grants are discretionary so are not always fully paid out.

## ICE Programme

3.23 There are a number of projects across Workstream 1 that comprise the £155k net underspend/slippage shown in Table 2. Projects around Windows 10-related IT equipment replacement (£22k) and an upgrade of the Call Centre telephone system (£15k underspend) Computer Systems (£44k underspend) have been delayed and will be slipped to 2020/21.

- 3.24 The most significant element of slippage on the programme concerns the modernising of Corporate systems (£70k slippage). Whilst the Legal System has been purchased and is being implemented, the Corporate Property system has been slipped to 2020/21, with the Business Process Review on the Council's Finance system due over the summer of 2020 owing to the impact of the delayed Statement of Accounts process.
- 3.25 Further slippage reported on the programme includes £42k on the Flexible and Mobile Working project and £20k underspend on Application Development.

#### **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 £47.2m, £3.6m below the approved revised capital budget of £50.8m. The variance and increase in approved budget since approval at Council on 20 February 2020 is due to delays in capital projects being completed in the 2019/20 financial year.

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