

**CAPITAL PROGRAMME MONITORING AND FORECASTING REPORT Q2 2020/21**

**SUMMARY AND RECOMMENDATIONS:**

**SUMMARY:**

This report informs Members of the latest forecast of the Council's Capital Programme for 2020/21 based on the monitoring exercise carried out during September 2020.

**RECOMMENDATION:**

Members are requested to:

- i) Note the latest Capital Programme position, as set out in Tables 1 and 2.
- ii) Approve the virement of £15k budget from Telephony Call Centre Upgrade to ICE Programme – Modernising Corporate and Service Systems
- iii) Approve the virement of £40k budget from App development of Love Rushmoor to ICE Programme – Modernising Corporate and Service Systems
- iv) Approve the additional capital funding requests, as set out in paragraph 3.9

**1 INTRODUCTION**

- 1.1 This report informs Members of the latest forecast regarding the Council's Capital Programme for 2020/21, based on the monitoring exercise carried out during September.
- 1.2 There are some projects of major financial significance included in the Council's approved Capital Programme for 2020/21. These projects are:
  - (a) Aldershot Town Centre Integration and Union Street
  - (b) Civic Quarter development
  - (c) replacement cremators
  - (d) Voyager House conversion
  - (e) Housing PRS, and,
  - (f) 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 Capital Programme of £52.226m on 20 February 2020. Based on June 2020 monitoring exercise Table 1 shows the reconciliation of budget changes together with the projected actual capital expenditure for the year 2020/21.

**Table 1: Analysis of capital expenditure and approved budget 2020/21**

	(£'000)
Total approved budget for the year 2020/21*	52,226
Plus: Additional budget approvals made for the year 2020/21 **	(115)
Slippage from 2019/20	4,188
<b>Total approved budget for 2020/21</b>	<b>56,299</b>
<b>Actual plus commitments as at Quarter 2</b>	<b>3,516</b>
<b>Forecast capital expenditure for the year</b>	<b>33,311</b>
<b>Net favourable variance (against approved budget)</b>	<b>(22,988)</b>
Projected Slippage/(Pre-spend) to 2021/22 ***	23,111

\* 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), RP2001 (07/01/2020), FIN2023

\*\*\* Projected slippage based on the forecast at Q2. Regeneration scheme budgets will be reprofiled

- 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 Estimate for 2020/21 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 2020/21 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 £3.5m. £33.3m is due to be spent by the year-end, predominantly as part of programmed regeneration and investment property purchases. It is worth noting that these schemes a spread over multiple financial years and a variation on the budget in a given financial year does not necessarily mean the project is unable to deliver the intended outcomes.

3.5 Since budget approval £95k of the 2020/21 Civic Quarter was brought forward into 2019/20 related to feasibility and design work for the leisure centre and demolition and other pre-development work associated with Elles Hall. A further £20k budget for Aldershot Park Angling Club improvement project has been removed as the project is no longer being undertaken.

3.6 **Appendix B** sets out the details in relation to:

1. The significant over/(under) spend variations to date;
2. The major areas of slippage (budget reprofiling for Regeneration schemes)
3. Material variances in relation to schemes financed by grants/contributions.

3.7 The following capital budgets are no-longer required:

- Telephony Call Centre Upgrade (£15K). The cost will be within ICE budget.
- ICE Programme – App development of Love Rushmoor (£40K) – budget no-longer required.

3.8 Total capital budget of £55k is no longer required and a virement is requested to transfer funding to support ICE Programme – Modernising Corporate and Service Systems.

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

#### **The Games Hub**

Additional expenditure of £20k on Old Town Hall, related to COVID-19 site closure costs.

#### **Refuse/Recycling – wheeled bins**

Due to the 5-month switch to alternate weekly collections for refuse, the temp closure of the HWRCs and everyone being at home and generating more recycling, we have had to purchase a larger number of refuse and garden 240L & recycling 360L wheeled bins than expected. Compared to last year's demand, this equates to an extra £27k spend so far. Demand for our garden waste service has continued to grow month on month, despite the HWRCs reopening and with people continuing to work from home, we anticipate the demand for extra or larger recycling bins to continue. Forecast additional expenditure to be £42K for the full financial year.

Table 2: Capital Programme Outturn Forecast

Portfolio/Scheme	2020/21 Original Budget (£'000)	2020/21 Latest Budget (£'000)	2020/21 Outturn Forecast (£'000)	2020/21 Forecast Variance (£'000)
<b>Corporate Services</b>				
Flexible Use of Capital Receipts	0	86	86	0
<b>Subtotal CS</b>	<b>0</b>	<b>86</b>	<b>86</b>	<b>0</b>
<b>Customer Experience &amp; Improvement</b>				
Computer Systems	80	117	92	(25)
Council Offices	45	45	35	(10)
<b>Subtotal CE&amp;I</b>	<b>125</b>	<b>162</b>	<b>127</b>	<b>(35)</b>
<b>Major Projects &amp; Property</b>				
Aldershot Town Centre Projects	2,091	2,148	2,169	21
Civic Quarter Farnborough	14,525	14,559	276	(14,283)
Housing Matters	2,731	3,444	675	(2,769)
Commercial Properties	22,425	24,323	24,323	0
Property Enhancements	202	254	254	0
Union Street Aldershot	7,393	7,808	1,950	(5,858)
Other	0	0	11	11
<b>Subtotal MP&amp;P</b>	<b>49,367</b>	<b>52,536</b>	<b>29,657</b>	<b>(22,879)</b>
<b>Operational Services</b>				
Alpine Snowsports	0	0	3	3
Crematorium	1,200	1,200	1,200	0
Depots	0	34	0	(34)
Manor Park	49	49	0	(49)
Parks & Open Spaces	125	608	565	(43)
Playground Works	104	104	104	0
Refuse/Recycling	100	100	142	42
Southwood Community Centre	0	20	20	0
Improvement Grants	1,111	1,211	1,211	0
<b>Subtotal OPS</b>	<b>2,689</b>	<b>3,326</b>	<b>3,245</b>	<b>(82)</b>
<b>Planning &amp; Economy</b>				
No Capital Schemes				
ICE Programme	45	189	196	8
<b>Subtotal ICE</b>	<b>45</b>	<b>189</b>	<b>196</b>	<b>8</b>
<b>TOTAL Capital Programme</b>	<b>52,226</b>	<b>56,299</b>	<b>33,311</b>	<b>(22,988)</b>

## **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 2020/21 Capital Programme is currently forecast to spend £33.3m, £23m below the approved capital budget of £56.3m. 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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## CAPITAL PROGRAMME MONITORING SUMMARY 2020/21

Expenditure	SLIPPAGE FROM 2019/20	ORIGINAL BUDGET 2020/21	ADDITIONAL BUDGET APPROVALS 2020/21	TOTAL APPROVED BUDGET 2020/21	ACTUAL AS AT 16.09.2020	COMMITMENTS AS AT 16.09.2020	ACTUALS PLUS COMMITMENTS	VARIANCE	FORECAST SPEND 2020/21	FORECAST SPEND LESS APPROVED BUDGET	SLIPPAGE TO 2021/22
PORTFOLIO	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
MAJOR PROJECTS AND PROPERTY	3,184	49,367	(215)	52,336	2,449	180	2,629	(49,707)	29,457	(22,880)	23,008
CORPORATE AND DEMOCRATIC SERVICES	86	0	0	86	0	0	0	(86)	86	1	0
CUSTOMER EXPERIENCE AND IMPROVEMENT	37	125	0	162	(7)	17	10	(152)	127	(35)	20
OPERATIONAL SERVICES	737	2,689	100	3,526	416	285	701	(2,825)	3,334	(192)	83
PLANNING AND ECONOMY	0	0	0	0	0	0	0	0	0	0	0
ICE PROGRAMME	144	45	0	189	13	163	176	(13)	110	(78)	0
<b>TOTAL</b>	<b>4,188</b>	<b>52,226</b>	<b>(115)</b>	<b>56,299</b>	<b>2,871</b>	<b>645</b>	<b>3,516</b>	<b>(52,783)</b>	<b>33,114</b>	<b>(23,184)</b>	<b>23,111</b>

### Variations to Programme Approved 2020/21

	Approved By	Date	£
Original Budget 2020/21 - Various Projects	Full Council	20.02.20	52,226,080
540540012 Civic Quarter, Farnborough - Budget drawn forward to 2019/20	Cabinet	16.12.19	-100000
540540012 Civic Quarter, Farnborough - Budget drawn forward to 2019/20	Cabinet	07.01.20	-95000
540540012 Combined Leisure Centre and Civic Hub within the proposed Farnborough Civic Quarter	Cabinet	14.07.20	100000
523340012 Parks and Open Spaces - Angling Club Improvement Project	Cabinet	11.08.20	-20000
Slippage from 2019/20			4,187,820
<b>Total Approved Budget</b>			<b>56,298,900</b>

S106 and Grants & Contributions	SLIPPAGE FROM 2019/20	ORIGINAL BUDGET 2020/21	ADDITIONAL BUDGET APPROVALS 2020/21	TOTAL APPROVED BUDGET 2020/21	FORECAST S106 AND GRANTS & CONT'S AS AT 16.09.2020	VARIANCE
PORTFOLIO	£'000	£'000	£'000	£'000	£'000	£'000
MAJOR PROJECTS AND PROPERTY	(1,159)	(5,716)	(250)	(7,125)	(7,125)	0
CORPORATE AND DEMOCRATIC SERVICES	0	0	0	0	0	0
CUSTOMER EXPERIENCE AND IMPROVEMENT	0	0	0	0	0	0
OPERATIONAL SERVICES	(429)	(2,301)	0	(2,730)	(2,729)	1
PLANNING AND ECONOMY	0	0	0	0	0	0
ICE PROGRAMME	0	0	0	0	0	0
<b>TOTAL</b>	<b>(1,588)</b>	<b>(8,017)</b>	<b>(250)</b>	<b>(9,855)</b>	<b>(9,854)</b>	<b>1</b>





## 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>MAJOR PROJECTS AND PROPERTY</b>		
<b>REGENERATION</b> <b>The Games Hub</b>	Additional expenditure of £20k on Old Town Hall, related to COVID-19 site closure costs.  Approval has been requested within the main report for the forecast additional expenditure.	<b>20</b>
<b>PARKS AND OPEN SPACES</b> Aldershot Park Angling Club Improvement	Budget to be removed as works will not now be undertaken.  Approval is requested in the main report to withdraw the budget for the project	<b>(20)</b>
<b>CORPORATE AND DEMOCRATIC SERVICES</b>		
<b>No variances</b>		
<b>CUSTOMER EXPERIENCE AND IMPROVEMENT</b>		
<b>COMPUTER SYSTEMS</b> Telephony Call Centre Upgrade	Capital budget are no-longer required  Virement of budget to ICE Programme – Modernising Corporate and Service Systems	<b>(15)</b>
<b>OPERATIONAL SERVICES</b>		
<b>REFUGE/RECYCLING</b> Wheeled Bins	Due to the 5-month switch to alternate weekly collections for refuse, the temp closure of the HWRCs and everyone being at home and generating more recycling, we have had to purchase a larger number of refuse and garden 240L & recycling 360L wheeled bins than expected. Compared to last year's demand, this equates to an extra £27k spend so far. Demand for our garden waste service has continued to grow month on month, despite the HWRCs reopening and with people continuing to work from home, we anticipate the demand for extra or larger recycling bins to continue. Forecast additional	<b>42</b>

	<p>expenditure to be £42K for the full financial year.</p> <p>Approval for additional expenditure has been requested in the main report.</p>	
<p><b>PARKS AND OPEN SPACES</b> Park improvements</p>	<p>Projects ongoing funded by available S106 contributions, looking to undertake footpath refurbishment over winter of 2020 in Municipal Gardens, seeking assistance from Capital Projects.</p>	<b>(51)</b>
<b>PLANNING AND ECONOMY</b>		
<b>No variances</b>		
<b>ICE PROGRAMME</b>		
<p><b>App development of Love Rushmoor</b></p>	<p>Capital budget are no-longer required</p> <p>Virement of budget to ICE Programme – Modernising Corporate and Service Systems</p>	<b>(40)</b>
<p><b>Flexible &amp; Mobile Working</b></p>	<p>£30,000 for VPN equipment and resources and services still required, the remaining budget to be given up</p>	<b>(38)</b>
<p><b>Modernising Corporate and Service Systems</b></p>	<p>210 Laptops have been ordered as part of remote working and Windows 10 upgrade</p> <p>Additional budget of £55k to be vired from App development of Love Rushmoor and Telephony Call Centre Upgrade, with further budget to be vired from ICE budget slippage from 2019/20</p>	<b>86</b>

- 2 The major areas of slippage/(Pre-spend) identified to date which are included within the (Appendix A) net slippage of £23,111,240 against the approved revised Capital Programme are provided in the table that follows:

<b>Scheme</b>	<b>Explanation</b>	<b>Slippage /(Pre-spend) to 2019/20 £000s</b>
<b>MAJOR PROJECTS AND PROPERTY</b>		
<b>REGENERATION</b> Civic Quarter	No expenditure expected during 2020/21 as project delayed	<b>14,383</b>
<b>REGENERATION</b> Housing PRS Delivery	Establishment of the Housing Company has been delayed due to COVID-19	<b>2,769</b>
<b>REGENERATION</b> Union Street East	Spending aligned with anticipated demolition and site remediation costs	<b>5,857</b>
<b>CUSTOMER EXPERIENCE AND IMPROVEMENT</b>		
<b>COMPUTER SYSTEMS</b> PCI compliance	Project has been delayed	<b>10</b>
<b>COMPUTER SYSTEMS</b> PCI compliance	Postponed due to COVID-19	<b>10</b>
<b>OPERATIONAL SERVICES</b>		
<b>DEPOTS</b> Hawley Lane Development Works	Project delayed until 2021/22 due to ongoing dialogue with current occupier continues	<b>34</b>
<b>MANOR PARK</b> Lake Improvements	Project funding has been delayed and therefore budget not available to carry out works	<b>49</b>
<b>CORPORATE AND DEMOCRATIC SERVICES</b>		
<b>No budget slippage</b>		
<b>PLANNING AND ECONOMY</b>		
<b>No budget slippage</b>		
<b>ICE PROGRAMME</b>		
<b>No budget slippage</b>		

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

Scheme	Explanation	Grant funding £000s
<b>MAJOR PROJECTS AND PROPERTY</b>		
<b>REGENERATION</b> Union Street East	Spending aligned with anticipated demolition and site remediation costs with project slipping into 2021/22	<b>3,800</b>
<b>OPERATIONAL SERVICES</b>		
<b>PARKS AND OPEN SPACES</b> Park improvements	Projects ongoing funded by available S106 contributions, looking to undertake footpath refurbishment over winter of 2020 in Municipal Gardens, seeking assistance from Capital Projects.	<b>51</b>
<b>MANOR PARK</b> Lake Improvements	Project funding has been delayed and therefore budget not available to carry out works	<b>49</b>