

CAPITAL PROGRAMME MONITORING AND FORECASTING REPORT 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 March 2021.

RECOMMENDATION:

Members are requested to:

- i) Note the latest Capital Programme position, as set out in Tables 1 and 2.
- ii) Approve the additional income of £142,801 received from Ministry of Housing, Communities and Local Government (MHCLG) and corresponding expenditure related to better Care Fund, as set out in paragraph 3.6

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 March.
- 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) Replacement cremators
 - (c) Voyager House conversion, and
 - (d) Housing PRS

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 £24.721m on 25 February 2021. Based on March 2021 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 revised approved budget for the year 2020/21*	24,721
Plus: Additional budget approvals made for the year 2020/21 **	143
Total approved budget for 2020/21	24,864
Actual plus commitments	22,386
Forecast capital expenditure for the year	23,811
Net favourable variance (against approved budget)	(1,055)
Projected Slippage/(Pre-spend) to 2021/22 ***	680

* As reported to Cabinet in the Revenue Budget, Capital Programme and Council Tax report FIN2106 (16/02/2021)

** Additional fund announced by Ministry of Housing, Communities & Local Government. Not included in revised budget. Approval required

*** Projected slippage based on forecast4.

- 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 25 February 2021.
- 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 £22.4m. £23.8m is due to be spent by the year-end, predominantly as part of programmed regeneration.
- 3.5 **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.

3.6 The following are additional approvals are requested:

Disabled Facilities Grants

Additional income of £142,801 received from Ministry of Housing, Communities and Local Government (MHCLG) to facilitate expenditure related to better Care Fund.

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)	Slippage to / (from) 2021/22 (£'000)
Corportate Services					
Flexible Use of Capital Receipts	0	86	0	(86)	86
Subtotal CS	0	86	0	(86)	86
Customer Experience & Improvement					
Computer Systems	80	38	38	0	0
Council Offices	45	0	0	0	0
Subtotal CE&I	125	38	38	0	0
Major Projects & Property					
Aldershot Town Centre Projects	2,091	618	618	0	0
Civic Quarter Farnborough	14,525	276	283	7	0
Housing Matters	2,731	770	770	0	0
Commercial Properties	22,425	17,553	17,133	(419)	81
Property Enhancements	202	254	0	(254)	224
Union Street Aldershot	7,393	1,650	2,187	537	(537)
Other	0	0	0	0	0
Subtotal MP&P	49,367	21,121	20,991	(130)	(232)
Operational Services					
Alpine Snowsports	0	3	3	0	0
Crematorium	1,200	1,200	1,200	0	0
Depots	0	4	4	0	0
Manor Park	49	0	0	0	0
Parks & Open Spaces	125	552	397	(155)	185
Playground Works	104	104	104	0	0
Refuse/Recycling	100	143	149	6	0
Southwood Community Centre	0	20	0	(20)	20
Vehicle Replacement	0	7	7	0	0
Improvement Grants	1,111	1,354	733	(622)	584
Subtotal OPS	2,689	3,386	2,596	(790)	789
Planning & Economy					
No Capital Schemes					
ICE Programme	45	233	186	(47)	37
Subtotal ICE	45	233	186	(47)	37
TOTAL Capital Programme	52,226	24,864	23,811	(1,054)	680

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 £23.8m, £1.1m below the approved capital budget of £24.9m. The variance against approved budget since approval at Council on 25 February 2021 is due to delays in capital projects being completed in the 2020/21 financial year.

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CAPITAL PROGRAMME MONITORING SUMMARY 2020/21

Expenditure	REVISED BUDGET 2020/21	ADDITIONAL BUDGET APPROVALS 2020/21	TOTAL APPROVED BUDGET 2020/21	ACTUAL AS AT 16.03.2021	COMMITMENTS AS AT 16.03.2021	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
MAJOR PROJECTS AND PROPERTY	21,131	0	21,131	19,241	992	20,233	(898)	21,002	(131)	(232)
CORPORATE AND DEMOCRATIC SERVICES	86	0	86	0	0	0	(86)	0	(86)	86
CUSTOMER EXPERIENCE AND IMPROVEMENT	38	0	38	30	8	38	0	38	0	0
OPERATIONAL SERVICES	3,233	143	3,376	1,117	812	1,929	(1,447)	2,585	(791)	789
PLANNING AND ECONOMY	0	0	0	0	0	0	0	0	0	0
ICE PROGRAMME	233	0	233	178	8	186	(47)	186	(47)	37
TOTAL	24,721	143	24,864	20,566	1,820	22,386	(2,478)	23,811	(1,055)	680

Variations to Programme Approved 2020/21

Revised Budget 2019/20 - Various Projects	Approved By Full Council	Date 25.02.21	£ 24,720,557
IMPROVEMENT GRANTS - Disabled Facilities Grants (Mandatory)	Subject to approval		142800

Total Approved Budget

24,863,357

S106 and Grants & Contributions	REVISED BUDGET 2020/21	ADDITIONAL BUDGET APPROVALS 2020/21	TOTAL APPROVED BUDGET 2020/21	FORECAST S106 AND GRANTS & CONT'S AS AT 16.03.2021	VARIANCE
PORTFOLIO	£'000	£'000	£'000	£'000	£'000
MAJOR PROJECTS AND PROPERTY	(1,560)	0	(1,560)	(1,138)	422
CORPORATE AND DEMOCRATIC SERVICES	0	0	0	0	0
CUSTOMER EXPERIENCE AND IMPROVEMENT	0	0	0	0	0
OPERATIONAL SERVICES	(2,635)	(143)	(2,778)	(1,721)	1,057
PLANNING AND ECONOMY	0	0	0	0	0
ICE PROGRAMME	0	0	0	0	0
TOTAL	(4,195)	(143)	(4,338)	(2,859)	1,479

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
MAJOR PROJECTS AND PROPERTY		
INVESTMENT PROPERTIES Voyager House Fit Out	Project substantially completed within budget. Small amount of expenditure still to be incurred in 2021/22.	(437)
CORPORATE AND DEMOCRATIC SERVICES		
No variances		
CUSTOMER EXPERIENCE AND IMPROVEMENT		
No variances		
OPERATIONAL SERVICES		
IMPROVEMENT GRANT Housing Renewal Grant	Reduction in spend is due to COVID restrictions	(37)
PARKS AND OPEN SPACES Moor Road Recreation Ground Development	Unanticipated overspend currently being reviewed for miscoding	30
PLANNING AND ECONOMY		
No variances		
ICE PROGRAMME		
No variances		

- 2 The major areas of slippage/(Pre-spend) identified to date which are included within the (Appendix A) net slippage of £679,399 against the approved revised Capital Programme are provided in the table that follows:

Scheme	Explanation	Slippage /(Pre-spend) to 2019/20 £000s
MAJOR PROJECTS AND PROPERTY		
INVESTMENT PROPERTIES Frimley4 Unit 4.3 Enhancement	No expenditure expected during 2020/21 as project delayed	117
INVESTMENT PROPERTIES Frimley4 Unit 4.4 Enhancement	No expenditure expected during 2020/21 as project delayed	107
INVESTMENT PROPERTIES Voyager House Fit Out	Project substantially completed within budget. Small amount of expenditure still to be incurred in 2021/22	81
REGENERATION Union Street East	Spending aligned with anticipated demolition and site remediation costs	(537)
CUSTOMER EXPERIENCE AND IMPROVEMENT		
No budget slippage		
OPERATIONAL SERVICES		
IMPROVEMENT GRANT Disabled Facilities Grant	Slippage due to COVID and VIVID not allowing works	584
KING GEORGE V Café Conversions	Project has been delayed	50
PARKS AND OPEN SPACES Southwood Golf Course SANG initial set up	Project has been delayed and budget required to support in 2021/22	135
SOUTHWOOD COMMUNITY CENTRE Internal decoration	No expenditure expected during 2020/21 as project delayed	20
CORPORATE AND DEMOCRATIC SERVICES		
FLEXIBLE USE OF CAPITAL RECEIPTS	No related expenditure in 2020/21	86
PLANNING AND ECONOMY		
No budget slippage		
ICE PROGRAMME		
Modernising Corporate and Service Systems	There are some outstanding upgrades (regulatory services) and some more mobile working hardware	37

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

Scheme	Explanation	Grant funding £000s
MAJOR PROJECTS AND PROPERTY		
INVESTMENT PROPERTIES Voyager House Purchase	Purchase completed in 2019/20. Contribution linked to Voyager House Fit Out that is substantial complete in 2019/20, with small expenditure is outstanding, therefore funding is to slip accordingly.	422
OPERATIONAL SERVICES		
IMPROVEMENT GRANT Disabled Facilities Grant	Referrals equivalent to the 2020/21 budget are expected to be agreed but not necessarily paid out and therefore the funding is to slip accordingly.	584
PARKS AND OPEN SPACES Southwood Golf Course SANG initial set up	S106 funding linked to the setup of SANG. Works are still in progress.	422