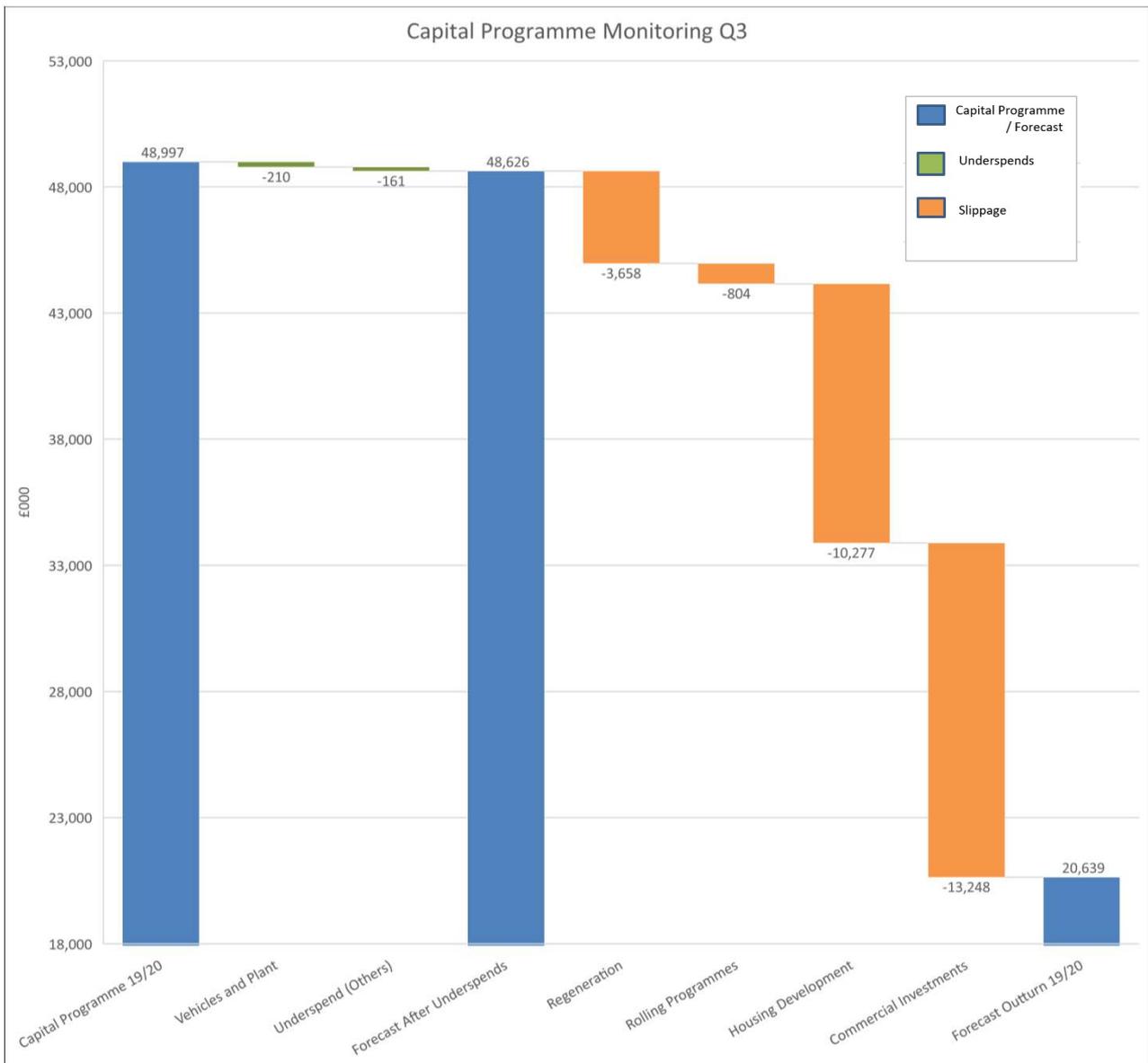


**Summary**

Forecast expenditure against the capital programme as at the end of Quarter 3 is £20.6m which is £28.4m or 58% below the approved programme for the year (variance reported at Q2 was £4.8m below the approved programme for the year). The majority of the £28.4m relates to slippage as shown below.

**Headline Capital Budget Information, Quarter 3 2019/20**

<b>Current Budget (annex 1):</b>	<b>£48,997,100</b>
Projected Underspend	(£371,200) (or 0.76% of programme).
Projected Slippage	(£27,986,700) (or 57.1% of programme)
<b>Forecast Capital Expenditure</b>	<b>£20,639,200</b>



## Underspends

<b>Vehicles and Plant</b>	<b>Vehicles and Plant</b> - The forecast underspend of £210k and a slippage of £210k (shown below) making a total of £420k is identified from the recently completed review of programmed vehicles roll-out.
<b>Underspend (others)</b>	<p><b>64 Massetts Road</b> - £13.6k is an actual underspend as the final work is now completed and no further expenditure expected.</p> <p><b>Air Quality Monitoring Equipment</b> (£32.5k underspend) - Service attracts both revenue and capital funding, this year has seen a higher revenue expenditure impact and less capitalisable spend/commitment.</p> <p><b>Contaminated Land Investigation Work</b> (£30k) - Spend is contingent on the need for investigation works being identified, no scheme currently identified.</p> <p><b>Handy Person Scheme</b> (£40k underspend) - The small works assistance scheme is being more widely publicised to promote uptake. Further increase in uptake expected in future years due to changes in availability of other sources of funding for home adaptations.</p> <p><b>Home Improvement Agency SCC Grant</b> (£34k underspend) - The Home Improvement Agency service annual contract cost is £120k. The £34k brought forward from 18/19 is no longer required as provision is adequate for all service related projected spend for the</p> <p><b>ICT - Disaster Recovery</b> - (£11k) underspend reported.</p>

## Slippage

<b>Regeneration</b>	<p><b>Marketfield Way</b> (£3.138m slippage) - The project is underway with enabling works being undertaken in the fourth quarter 2019/20 and the main build commencing in first quarter 2020/21.</p> <p><b>Preston Regeneration</b> (£424k slippage) - Works to Chetwode Road have been approved by Local Committee and are programmed to now get underway in the first quarter of 2020/21.</p> <p><b>Merstham Recreation Ground</b> (£96k slippage) - Initial concept plan prepared with main design works commencing in 2020/21</p>
<b>Rolling Programmes</b>	<p><b>Disabled Facilities Grants</b> - Current budget and forecast outturn is £1m against the year's grant allocation of £1.133m resulting in a slippage of £134k. Recently approved new housing assistance policy will likely improve future performance, the service is continually assessing the pipeline of applicants.</p> <p><b>ICT Replacement Programme</b> - £58k slippage reported largely on the laptop rolling replacement programme and Microsoft Office 365 licenses fees.</p> <p><b>Vehicles and Plant</b> - The reported underspend of £210k and a slippage of £210k making a total of £420k is identified from the recently completed review of programmed vehicles roll-out.</p> <p><b>Waste and Recycling</b> - £665k has been spent in 19/20 on three 26-tonne RCVs as part of the fleet replacement project. A fourth 26 tonne RCV was purchased for £222k as part of the ongoing fleet replacement programme. These vehicles are set to be delivered by the 31st of March 2020. £198k spent on the purchase of one Dennis Elite dustcart and £18k was used to purchase a second-hand Luton type vehicle with tail lift to replace an accident damaged vehicle.</p> <p><b>Cleansing</b> - Total spend of £66k to replace three 3.5 tonne cage vans with tail lifts.</p> <p><b>Green Spaces</b> - Current spend of £73k to replace existing equipment. An estimated £60k is still due to be used for the purchase of one arborist van and one playground repair vehicle. The purchase order for these vehicles is due to be raised in early 20/21.</p> <p><b>Workshop/Transport</b> - £30k has been allocated to replace the current workshop breakdown vehicle. The purchase order for this vehicle is due to be raised in early 20/21.</p> <p><b>Refurbishment</b> - £120k was allocated for the refurbishment of two 26 tonne RCVs, this procurement exercise has yet to be awarded.</p> <p><b>Other</b> - £8k has been spent on the acquisition of three market trailers.</p> <p><b>Property Maintenance</b> - Council Offices additional funds were due to be spent this financial year on air conditioning plant and preparation works for boiler replacement. £104k slippage due to delays in progressing design and documentation, Outstanding works will be picked up in 2020/21.</p> <p>The earmarked funding is a contribution to the costs for reinstatement of the road leading to the RNIBA housing development Philanthropic Road. The developer has agreed to pay for half the costs as they have damaged the road with the construction traffic. Slippage due to continued negotiation with the developer on how this can be procured. This will be picked up in 2020/21.</p> <p><b>Car Parks</b> - Lift replacement at Bancroft Rd multi storey will be out to tender this financial year, works reprogrammed for 2020/21. £176k slippage due to legal contract preparation delays.</p> <p><b>Woodmansterne Sports Club</b> - Drainage works. £20k slippage due to delays in specifying works. Work will be picked up in 2020/21.</p> <p><b>CCTV service</b> - currently being reviewed. The outcome of the review and any budget impact will be developed and reported by Quarter 4. £46k slippage currently being forecast.</p>

**Housing Development**

**Lee Street Bungalows** - (£398k slippage forecast). A revised proposal has been produced and costed. This will be presented to Executive in February 2020 with a recommendation to increase the budgetary envelope (to be provided from s106 funding) to cover the scheme costs.

**Cromwell Road Development** - (£5.61m slippage forecast). The project is awaiting Executive approval of a revised baseline to proceed into build contract based on the updated financial position. Executive paper to be presented to Executive in February 2020.

**Unit 1 Pittwood Park Tadworth** - (£4.2m slippage forecast). The project is awaiting Executive approval of a revised baseline to proceed into build contract based on the updated financial position. Executive paper to be presented to Executive in February 2020. Executive members have provided a steer on the preferred tenure mix. Previous report assumed delivery of 17 starter homes and 8 market sale units. However, because of the lack of forthcoming central government legislation on Starter Homes, the original tenure mix is no longer viable. A revised proposal has been produced and costed. Whilst the budgetary envelope remains unchanged, approval is sought on the revised baseline position and to proceed to build contract.

**Commercial Investments**

£13.25m slippage forecast. £25m allocated capital funding for investment in new developments and commercial assets and activities that, in addition to local regeneration and place-shaping benefits, deliver a sustainable net income stream to the revenue budget.

There has been approximately £10.8m of expenditure in Q3 to fund the purchase of land for the Horley Business Park with additional £1m spend on further acquisitions forecast for quarter 4.

## Reconciliation of Capital Programme to Approved Budgets 2019-20

	<b>£000</b>	
<b>Original Capital Budget</b>	45,926.8	
Budget approved but not yet released	0.0	
	<hr/> 45,926.8	
<b>Additions</b> (detailed at Annex 2)		
Carry Forwards from previous year	1,456.3	
Additional Approvals In Year	470.0	£420k relates to rolling maintenance programme (including £80k for Regent House) and £50k relates to Handy Person Scheme.
Reprofiling of projects	0.0	
Other Changes	435.0	CPDF - (in -year allocation relating to IT and Digital Strategy Update)
Other Changes	385.0	Capital Grants - (in -year allocation relating to DFG and Flexible Homelessness Support Grant)
Revenue Contribution to Capital	324.0	Use of contingency analysed at Annex 2.
<b>Current Capital Budget</b>	<hr/> <b>48,997.1</b> <hr/>	

## Capital Programme Monitoring: Summary by Project 2019-20

## Quarter 3

Project	Original Capital Programme 19/20 £000	Carry Forwards £000	Additional Approvals In Year £000	Reprofiled £000	Revenue Contribution to Capital (RCC)	Other Changes £000	Current Capital Programme 19/20 £000	Actuals to Date (P9) £000	Forecast Year End Outturn £000	Forecast Year End Variance £000	
Horley Public Realm Improvements - Phase 2 and 3	390.0	0.0	0.0	0.0		0.0	390.0	0.0	390.0	0.0	Works completed and full spend to be achieved.
Marketfield Way Redevelopment	6,192.1	414.9	0.0	0.0		0.0	6,607.0	697.7	3,468.6	(3,138.4)	The project is underway with enabling works being undertaken in the fourth quarter 2019/20 and the main build commencing in first quarter 2020/21.
Redhill Public Realm Improvements	24.8	0.0	0.0	0.0		0.0	24.8	24.8	24.8	0.0	Works completed and full spend achieved
Preston - Regeneration	418.5	15.2	0.0	0.0		0.0	433.7	0.0	10.2	(423.5)	Works to Chetwode Road have been approved by Local Committee and are programmed to now get underway in the first quarter 2020/21.
Merstham Recreation Ground	100.0	0.0	0.0	0.0		0.0	100.0	3.6	4.0	(96.0)	Initial concept plan prepared with main design works commencing in 2020/21
<b>Regeneration</b>	<b>7,125.4</b>	<b>430.1</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>7,555.5</b>	<b>726.1</b>	<b>3,897.6</b>	<b>(3,657.9)</b>	
Leisure Centre Maintenance	30.0	36.0	0.0	(15.0)		0.0	51.0	11.6	51.0	0.0	
Harlequin Property Maintenance	40.0	71.7	0.0	(82.0)		0.0	29.7	15.9	16.0	(13.7)	Slippage due to delays in progressing design and documentation. Work to be picked up in 2020 /21.
Play Area Improvement Programme	222.0	20.5	0.0	0.0		0.0	242.5	233.4	242.5	0.0	Works completed and full spend achieved
Parks & Countryside - Infrastructure & Fencing	45.0	0.0	0.0	0.0		0.0	45.0	40.5	45.0	0.0	
Harlequin Maintenance	25.0	0.0	0.0	0.0	89.0	0.0	114.0	119.3	131.0	17.0	Spend includes projector and printer (£78k) and other facilities maintenance, £5k contribution to Wi-Fi installation project and £6k for Sound and Stage Support equipment.
Priory Park Maintenance	5.0	34.6	0.0	0.0		0.0	39.6	0.0	39.6	0.0	
<b>Leisure and Culture</b>	<b>367.0</b>	<b>162.8</b>	<b>0.0</b>	<b>(97.0)</b>	<b>89.0</b>	<b>0.0</b>	<b>521.8</b>	<b>420.8</b>	<b>525.1</b>	<b>3.3</b>	
Lee Street Bungalows	380.1	45.6	0.0	0.0		0.0	425.7	30.0	35.0	(390.7)	A revised proposal has been produced and costed. This will be presented to Executive in February 2020 with a recommendation to increase the budgetary envelope (to be provided from s106 funding) to cover the scheme costs.
64 Massetts Road	0.0	18.2	0.0	0.0		0.0	18.2	4.6	4.6	(13.6)	£13.6k is an actual underspend as the final work is now completed and no further expenditure expected.
Cromwell Road Development 2016	5,707.3	118.9	0.0	0.0		0.0	5,826.2	130.8	155.0	(5,671.2)	The project is awaiting Executive approval of a revised baseline to proceed into build contract based on the updated financial position. Executive paper to be presented to Executive in February 2020.
Unit 1 Pitwood Park Tadworth	4,332.0	0.0	0.0	0.0		0.0	4,332.0	114.3	117.0	(4,215.0)	The project is awaiting Executive approval of a revised baseline to proceed into build contract based on the updated financial position. Executive paper to be presented to Executive in February 2020. Executive members have provided a steer on the preferred tenure mix. Previous report assumed delivery of 17 starter homes and 8 market sale units. However, because of the lack of forthcoming central government legislation on Starter Homes, the original tenure mix is no longer viable. A revised proposal has been produced and costed. Whilst the budgetary envelope remains unchanged, approval is sought on the revised baseline position and to proceed to build contract.
<b>Housing Development</b>	<b>10,419.4</b>	<b>182.7</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>10,602.1</b>	<b>279.6</b>	<b>311.6</b>	<b>(10,290.5)</b>	
Earlswood Depot/Park Farm Depot	10.0	5.9	30.0	0.0		0.0	45.9	1.7	45.9	0.0	
<b>Waste Management and Recycling</b>	<b>10.0</b>	<b>5.9</b>	<b>30.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>45.9</b>	<b>1.7</b>	<b>45.9</b>	<b>0.0</b>	
Land Flood Prevention Programme	6.0	5.0	0.0	0.0		0.0	11.0	11.0	11.0	0.0	The £11k budget will be applied to offset the expenditure on Frenches Pond works - (£20k in 2019/20, and £130k in 2020/21).
Air Quality Monitoring Equipment	48.0	0.0	0.0	0.0		0.0	48.0	2.5	15.5	(32.5)	Service attracts both revenue and capital funding, this year has seen a higher revenue expenditure impact and less capitalisable spend/commitment.
Contaminated Land - Investigation work	30.0	0.0	0.0	0.0		0.0	30.0	0.0	0.0	(30.0)	Spend is contingent on the need for investigation works being identified, no scheme currently identified.
<b>Environment</b>	<b>84.0</b>	<b>5.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>89.0</b>	<b>13.5</b>	<b>26.5</b>	<b>(62.5)</b>	

## Capital Programme Monitoring: Summary by Project 2019-20

## Quarter 3

Project	Original Capital Programme 19/20 £000	Carry Forwards £000	Additional Approvals In Year £000	Reprofiled £000	Revenue Contribution to Capital (RCC)	Other Changes £000	Current Capital Programme 19/20 £000	Actuals to Date (P9) £000	Forecast Year End Outturn £000	Forecast Year End Variance £000	
Handy Person Scheme	0.0	0.0	50.0	0.0		0.0	50.0	9.1	10.0	(40.0)	The small works assistance scheme is being more widely publicised to promote uptake. Further increase in uptake expected in future years due to changes in availability of other sources of funding for home adaptations.
Home Improvement Agency SCC Grant	120.0	34.0	0.0	0.0		0.0	154.0	90.0	120.0	(34.0)	The Home Improvement Agency service annual contract cost is £120k. The £34k brought forward from 18/19 is no longer required as provision is adequate for all service related projected spend for the year.
Disabled Facilities Grant	965.0	0.0	0.0	0.0		169.0	1,134.0	677.5	1,000.0	(134.0)	Current budget and forecast outturn is £1m against the year's grant allocation of £1.133m resulting in a slippage of £134k. Recently approved new housing assistance policy will likely improve future performance, the service is continually assessing the pipeline of applicants.
Repossession Prevention Fund	30.0	6.3	0.0	0.0		0.0	36.3	13.1	36.3	0.0	Funds are used to prevent repossession.
Flexible Homelessness Support Grant	0.0	0.0	0.0	0.0		216.0	216.0	216.0	216.0	0.0	Funds are used to prevent homelessness predominantly by providing interest free loans to applicants to cover rent in advance, as such expenditure is not at a consistent value throughout the year.
Capital Grants	20.0	0.0	0.0	0.0		0.0	20.0	0.0	20.0	0.0	This budget is used for paying capital grants to fund improvement programmes within the borough. The £20K budget is fully committed for the year.
<b>Capital Grants</b>	<b>1,135.0</b>	<b>40.3</b>	<b>50.0</b>	<b>0.0</b>	<b>0.0</b>	<b>385.0</b>	<b>1,610.3</b>	<b>1,005.8</b>	<b>1,402.3</b>	<b>(208.0)</b>	
Great Workplace Program - Earlswood Depot	0.0	0.0	0.0	0.0	150.0	0.0	150.0	122.4	150.0	0.0	Great Workplace Phase 1 (Depot refurbishment) - now completed.
ICT - Disaster Recovery	0.0	41.0	0.0	0.0	0.0	0.0	41.0	24.3	30.0	(11.0)	
<b>Organisational Change</b>	<b>0.0</b>	<b>41.0</b>	<b>0.0</b>	<b>0.0</b>	<b>150.0</b>	<b>0.0</b>	<b>191.0</b>	<b>146.7</b>	<b>180.0</b>	<b>(11.0)</b>	
Vehicles & Plant Programme	1,302.0	400.0	0.0	0.0		0.0	1,702.0	367.3	1,281.8	(420.2)	<p><b>Vehicles and Plant</b> - The reported underspend of £210k and a slippage of £210k making a total of £420k is identified from the recently completed review of programmed vehicles roll-out.</p> <p><b>Waste and Recycling</b> - £665k has been spent in 19/20 on three 26 tonne RCVs as part of the fleet replacement project. A fourth 26 tonne RCV was purchased for £222k as part of the ongoing fleet replacement programme. These vehicles are set to be delivered by the 31st of March 2020. £198k spent on the purchase of one Dennis Elite dustcart and £18k was used to purchase a second-hand Luton type vehicle with tail lift to replace an accident damaged vehicle.</p> <p><b>Cleansing</b> - Total spend of £66k to replace three 3.5 tonne cage vans with tail lifts.</p> <p><b>Green Spaces</b> - Current spend of £73k to replace existing equipment. An estimated £60k is still due to be used for the purchase of one arborist van and one Playground repair vehicle. The purchase order for these vehicles is due to be raised in early 20/21.</p> <p><b>Workshop/Transport</b> - £30k has been allocated to replace the current workshop breakdown vehicle. The purchase order for this vehicle is due to be raised in early 20/21.</p> <p><b>Refurbishment</b> - £120k was allocated for the refurbishment of two 26 tonne RCVs, this procurement exercise has yet to be awarded.</p> <p>Other - £8k has been spent on the acquisition of three market trailers.</p>
ICT Replacement Programme	275.0	0.0	0.0	0.0		435.0	710.0	590.0	651.8	(58.2)	<p>(1) Laptop rolling replacement programme (£275k) - £235k committed, 40k will be delivered next financial year and on budget.</p> <p>(2) Microsoft Office 365 Licenses (£156k) - £138k committed, 18k will be delivered next financial year and on budget.</p> <p>(3) Windows 10 resource (£40k) - will be delivered this financial year and on budget.</p> <p>(4) Netcall Upgrade and ATP integration (£105k) - £58K committed but will slip to next year. £47k still to commit covering PCI DSS with project completion in 2020/21.</p> <p>(5) Civica DMS Upgrade (£25k) - will be delivered this financial year and on budget.</p> <p>(6) Harlequin Theatre IT Improvements (£69k) - funds committed but will slip to next financial year with project completion in 2020/21.</p> <p>(7) Northgate iWorld cloud migration (£40k) - funds committed but will slip to next financial year with project completion in 2020/21.</p>

## Capital Programme Monitoring: Summary by Project 2019-20

## Quarter 3

Project	Original Capital Programme 19/20 £000	Carry Forwards £000	Additional Approvals In Year £000	Reprofiled £000	Revenue Contribution to Capital (RCC)	Other Changes £000	Current Capital Programme 19/20 £000	Actuals to Date (P9) £000	Forecast Year End Outturn £000	Forecast Year End Variance £000	
Council Offices Programme	30.0	48.8	100.0	0.0			178.8	27.0	75.0	(103.8)	Council Offices additional funds were due to be spent this financial year on air conditioning plant and preparation works for boiler replacement. Slippage due to delays in progressing design and documentation, Outstanding works will be picked up in 2020/21.
Day Centres Programme	25.0	8.9	0.0	(8.9)		0.0	25.0	11.0	25.0	0.0	
Existing Pavilions Programme	30.0	21.8	0.0	(21.8)		0.0	30.0	28.8	30.0	0.0	
Commercial Investment Properties	50.0	13.3	80.0	0.0		0.0	143.3	54.1	132.5	(10.8)	Regent House , Redhill maintenance work - £80k and rest of the budget to cover forecast spend on other properties maintenance works. Slippage due to delays in progressing design and documentation, Outstanding works will be picked up in 2020/21.
Infra-structure (walls)	5.0	15.0	35.0	0.0		0.0	55.0	1.5	6.5	(48.5)	The earmarked funding is a contribution to the costs for reinstatement of the road leading to the RNIBA housing development Philanthropic Road. The developer has agreed to pay for half the costs as they have damaged the road with the construction traffic. Slippage due to continued negotiation with the developer on how this can be procured. This will be picked up in 2020/21.
Car Parks Capital Works Programme	30.0	50.2	106.0	0.0		0.0	186.2	3.6	10.0	(176.2)	Car Parks Lift replacement at Bancroft Rd multi storey will be out to tender this financial year, works reprogrammed for 2020/21. Slippage due to delays in progressing legal contract.
Public Conveniences	5.0	0.0	49.0	136.0		0.0	190.0	75.3	190.0	0.0	Public conveniences additional funds will be spent on the refurbishment of Banstead High Street toilets. Works to start on Consort way toilets this financial year running into 2020 /2021
Cemeteries & Chapel	0.0	8.3	0.0	(8.3)		0.0	0.0	0.0	0.0	0.0	
Allotments	4.0	0.0	0.0	0.0		0.0	4.0	0.0	4.0	0.0	
Woodmansterne sports club	0.0	0.0	20.0	0.0		0.0	20.0	0.0	0.0	(20.0)	Drainage works. Slippage due to delays in specifying works. Work will be picked up in 2020/21.
CCTV Rolling Programme	30.0	22.2	0.0	0.0		0.0	52.2	3.6	6.0	(46.2)	The CCTV service is currently being reviewed. The outcome of the review and any budget impact will be developed and reported by Qtr. 4
<b>Rolling Programmes</b>	<b>1,786.0</b>	<b>588.5</b>	<b>390.0</b>	<b>97.0</b>	<b>0.0</b>	<b>435.0</b>	<b>3,296.5</b>	<b>1,162.1</b>	<b>2,412.6</b>	<b>(883.9)</b>	
Commercial Investments	25,000.0	0.0	0.0	0.0		0.0	25,000.0	10,752.5	11,752.5	(13,247.5)	Allocated capital funding for investment in new developments and commercial assets and activities that, in addition to local regeneration and place-shaping benefits, deliver a sustainable net income stream to the revenue budget. There has been approximately £10.8m of expenditure in Q3 to fund the purchase of land for the Horley Business Park with additional £1m spend on further acquisitions forecast for quarter 4.
<b>Commercial Investments</b>	<b>25,000.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>25,000.0</b>	<b>10,752.5</b>	<b>11,752.5</b>	<b>(13,247.5)</b>	
Revenue Contribution to Capital (Miscellaneous projects)	0.0	0.0	0.0	0.0	85.0	0.0	85.0	85.0	85.0	0.0	Harlequin - Projector and printer - £78k. Pittwood - £50k temporary funding allocation for 2019/20 - (no longer required - Richard R) Transaction team additional ICT spend items - £65k (for Civica Icon upgrade and implementation- £50k plus additional icon installation charge £15k). Fenches pond works - £20k forecast spend in 2019/20. Great Workplace Phase 1 (Depot refurbishment) - £150k
<b>Revenue Contribution to Capital</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>85.0</b>	<b>0.0</b>	<b>85.0</b>	<b>85.0</b>	<b>85.0</b>	<b>0.0</b>	
<b>Total Capital Budget</b>	<b>45,926.8</b>	<b>1,456.3</b>	<b>470.0</b>	<b>0.0</b>	<b>324.0</b>	<b>820.0</b>	<b>48,997.1</b>	<b>14,593.8</b>	<b>20,639.2</b>	<b>(28,357.9)</b>	<b>-58%</b>