

**Decision Maker:** Environment Portfolio Holder

**For pre-decision scrutiny by the Environment PDS  
Committee on**

**Date:** 28th February 2012

**Decision Type:** Non-Urgent Executive Non-Key

**Title:** CAPITAL PROGRAMME MONITORING Q3 2011/12 & ANNUAL  
CAPITAL REVIEW 2012 TO 2016

**Contact Officer:** Martin Reeves, Principal Accountant (Technical & Control)  
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**Chief Officer:** Director of Resources

**Ward:** All

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1. Reason for report

On 1<sup>st</sup> February, the Executive received a report summarising the current position on capital expenditure and receipts following the 3rd quarter of 2011/12 and presenting for approval the new capital schemes supported by Chief Officers in the annual capital review process. The Executive agreed a revised Capital Programme for the five year period 2011/12 to 2015/16. This report highlights in paragraphs 3.2 to 3.6 changes agreed by the Executive in respect of the Capital Programme for the Environment Portfolio. The revised programme for this portfolio is set out in Appendix A and detailed comments on individual schemes are included at Appendix B.

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2. **RECOMMENDATION(S)**

The Portfolio Holder is asked to endorse the changes approved by the Executive on 1<sup>st</sup> February.

### Corporate Policy

1. Policy Status: Existing policy. Capital Programme monitoring and review is part of the planning and review process for all services. The capital review process requires Chief Officers to ensure that bids for capital investment provide value for money and match Council plans and priorities.
  2. BBB Priority: Quality Environment. Excellent Council
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### Financial

1. Cost of proposal: Estimated cost N/A
  2. Ongoing costs: N/A.
  3. Budget head/performance centre: N/A (Capital Programme)
  4. Total current budget for this head: £24.2m for the Environment Portfolio over five years 2011/12 to 2015/16
  5. Source of funding: Capital grants, capital receipts and revenue contributions
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### Staff

1. Number of staff (current and additional): N/A
  2. If from existing staff resources, number of staff hours: N/A
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### Legal

1. Legal Requirement: No statutory requirement or Government guidance.
  2. Call-in: Call-in is applicable
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### Customer Impact

1. Estimated number of users/beneficiaries (current and projected): N/A
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### Ward Councillor Views

1. Have Ward Councillors been asked for comments? No.
2. Summary of Ward Councillors comments: N/A

### 3. COMMENTARY

#### Capital Expenditure

3.1 A revised Capital Programme was approved by the Executive on 1<sup>st</sup> February, following a detailed monitoring exercise carried out after the 3rd quarter of 2011/12. The Executive also considered and approved new capital schemes supported by Chief Officers in the annual capital review process. This report identifies changes relating to the Environment Portfolio and the table in paragraph 3.2 summarises the overall position following the Executive meeting.

#### Capital Monitoring – Q3 variations approved by the Executive on 1<sup>st</sup> February 2012

3.2 The base position was the revised programme approved by the Executive on 16th November 2011, as amended by any variations approved at subsequent Executive meetings (none in this quarter). In response to the major level of slippage at the end of 2010/11, the monitoring process has been made more robust by the introduction of considerably more challenge and review and, in the December quarter, the entire approved programme was closely reviewed with a significant number of scheme budgets being deleted. The monitoring exercise resulted in a number of amendments to the approved programme for the Environment Portfolio and these are shown in the table below. Further details are included in paragraphs 3.3 to 3.5. The revised Programme for the Environment Portfolio is attached as Appendix A and comments on individual schemes, together with latest 2011/12 expenditure figures, are shown in Appendix B.

| Capital Expenditure                   | 2011/12      | 2012/13      | 2013/14      | 2014/15      | 2015/16      | TOTAL         |
|---------------------------------------|--------------|--------------|--------------|--------------|--------------|---------------|
|                                       | £000         | £000         | £000         | £000         | £000         | £000          |
| Approved Capital Programme (16/11/11) | 7,475        | 5,745        | 3,220        | 4,050        | -            | 20,490        |
| Q3 monitoring variations              |              |              |              |              |              |               |
| Review of programme (para 3.3)        |              |              |              |              |              |               |
| - Road safety schemes                 | -33          | -            | -            | -            | -            | -33           |
| - Bromley TC-transport strategy       | -6           | -            | -            | -            | -            | -6            |
| - Walnuts Centre-ramp repair          | -50          | -75          | -            | -            | -            | -125          |
| - Carbon management programme         | -220         | -            | -            | -            | -            | -220          |
| - Feasibility studies                 | -10          | -            | -            | -            | -            | -10           |
| Revised government grants (para 3.4)  |              |              |              |              |              |               |
| - TfL grant re highway schemes        | 18           | -            | -            | -            | -            | 18            |
| Re-phasing of Expenditure (para 3.5)  |              |              |              |              |              |               |
| - Chislehurst Rd Bridge replacement   | -591         | 591          | -            | -            | -            | -             |
| - Orpington Public Realm              | -30          | 30           | -            | -            | -            | -             |
| Total Q3 Monitoring Variations        | -922         | 546          | -            | -            | -            | -376          |
| New schemes (para 3.6)                | -            | -            | -            | -            | 4,050        | 4,050         |
| <b>Revised Environment Programme</b>  | <b>6,553</b> | <b>6,291</b> | <b>3,220</b> | <b>4,050</b> | <b>4,050</b> | <b>24,164</b> |

#### 3.3 Review of approved programme – reductions / deletions (total reduction of £394k)

In the latest quarter, a detailed review was carried out on all schemes in the programme approved by the Executive on 16<sup>th</sup> November 2011. As a result, reductions totalling in excess of £3.1m were identified across the Council, including £394k relating to the Environment Portfolio, and these were approved by the Executive on 1<sup>st</sup> February. These are listed in the table above and brief comments are provided in Appendix B.

#### 3.4 Variations in government grant allocations (total increase of £18k)

Transport for London – revised grant allocations have recently been received in respect of TfL support for highways schemes. While funding for many individual schemes has changed, the overall impact is an increase to the programme of just £18k in 2011/12 and this was approved by the Executive.

- 3.5 In final outturn reports in June and July, the Executive was informed of the major slippage at the 2010/11 year end, as a result of which some £25.2m had been rephased from 2010/11 into 2011/12. This is the second monitoring report since July and, as reported, additional challenge and review has been introduced into the process, as a result of which, in the Q2 monitoring report in November, a number of changes were agreed and some £9.4m was rephased from 2011/12 into later years, including £0.3m relating to Environment Portfolio schemes. The Q3 Environment monitoring exercise resulted in changes set out in paragraphs 3.3 and 3.4 above and also in further rephasing adjustments totalling £0.6m from 2011/12 into 2012/13. These are itemised in the table in paragraph 3.2 and Appendix B includes comments on scheme progress.

### **Annual Capital Review – new scheme proposals**

- 3.6 As part of the normal annual review of the Capital Programme, Chief Officers were invited to come forward with bids for new capital investment. Considerably fewer bids were received than in previous years and Chief Officers agreed to recommend new schemes with a total value of £6.4m, of which just £0.8m would require funding from the Council's resources in the four years 2012/13 to 2015/16. Only two Environment schemes were put forward and approved and these required only an additional contribution of £40k from Council resources. A further £10k was approved in 2015/16 to fund feasibility studies.

#### Winter maintenance – replacement of equipment (£40k in 2015/16)

£40k was approved in 2015/16 for the phased replacement of the Council's aging winter maintenance equipment, which will enable the continuation of a reliable winter maintenance service. The Capital Programme currently includes estimates for 2011/12 to 2014/15.

#### Highway schemes funded by TfL (£4.0m in 2015/16)

£4.0m was approved in 2015/16 for further highway schemes to be fully funded by TfL. The Capital Programme currently includes estimates for 2011/12 to 2014/15 and these will all be adjusted to reflect any subsequent changes in approvals/allocations.

### **Post-Completion Reports**

- 3.9 Under approved Capital Programme procedures, capital schemes should be subject to a post-completion review within one year of completion. Following the major slippage of expenditure at the end of 2010/11, Members have confirmed the importance of these as part of the overall capital monitoring framework. These reviews should compare actual expenditure against budget and evaluate the achievement of the scheme's non-financial objectives. At the October meeting, the PDS Committee agreed that post-completion reports on the following schemes should be submitted during 2011/12:

Environmental Improvements (funded by LPSA Reward Grant)

This will continue to be included in quarterly monitoring reports to the Executive and to the PDS Committee until the post-completion report is submitted.

## **4. POLICY IMPLICATIONS**

- 4.1 Capital Programme monitoring and review is part of the planning and review process for all services. The capital review process requires Chief Officers to ensure that bids for capital investment provide value for money and match Council plans and priorities.

## 5. FINANCIAL IMPLICATIONS

5.1 These were reported in full to the Executive on 1<sup>st</sup> February 2012. Changes approved by the Executive for the Environment Portfolio Capital Programme are set out in the table in paragraph 3.2.

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|---|---|
| <b>Non-Applicable Sections:</b>                       | Legal and Personnel Implications  |
| Background Documents:<br>(Access via Contact Officer) | Departmental monitoring returns January 2012.<br>Approved Capital Programme (Executive 16/11/11).<br>Q2 & Q3 Monitoring report (Executive 16/11/11 & 1/2/12).<br>Capital appraisal forms September/October 2011.<br>Report to Chief Officers' Executive 21/12/11. |