

PART 1 - PUBLIC

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**Decision Maker:** Resources Portfolio Holder

**For pre-decision scrutiny by the Executive & Resources PDS  
Committee on 4<sup>th</sup> April 2012**

**Date:** 4<sup>th</sup> April 2012

**Decision Type:** Non-Urgent                      Non-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 3.1 to 3.5 changes agreed by the Executive in respect of the Capital Programme for the Resources 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: 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: £6.4m for the Resources 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 not 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 Resources 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 Resources Portfolio and these are shown in the table below. Further details are included in paragraphs 3.3 and 3.4. The revised Programme for the Resources 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)	3,236	1,077	1,610	-	-	5,923
Q3 monitoring variations						
Review of programme (para 3.3)						
- Mortgages	-60	-	-60	-	-	-120
- Review of document management	-	-60	-	-	-	-60
- Digital print strategy	25	-175	25	50	-	-75
Re-phasing of Expenditure (para 3.4)						
- FIS upgrade	-10	10	-	-	-	-
- Joint web platform	-98	98	-	-	-	-
- Performance management & CYP IT	-150	150	-	-	-	-
- Emergency works on surplus sites	-30	30	-	-	-	-
Total Q3 Monitoring Variations	-323	53	-35	50	-	-255
New schemes (para 3.5)	-	-	760	-	-	760
<b>Revised Resources Programme</b>	<b>2,913</b>	<b>1,130</b>	<b>2,335</b>	<b>50</b>	<b>-</b>	<b>6,428</b>

#### 3.3 Review of approved programme – reductions / deletions (total reduction of £255k)

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 £255k relating to the Resources 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 Scheme rephasing

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 December, a number of changes were agreed and some £9.4m was rephased from

2011/12 into later years, including £0.9m relating to Resources Portfolio schemes. The Q3 Resources monitoring exercise resulted in changes set out in paragraph 3.3 above and also in further rephasing adjustments totalling £288k 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

3.5 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 one Resources scheme was put forward and approved, as follows:

Replacement of MD110 telephone switch (£0.76m in 2013/14 to be met from Council resources)  
 The Executive approved £760k in 2013/14 to replace the MD110 telephone switch, which was installed in November 1999 and will not be maintained after March 2015. The replacement will ensure business continuity. Shared service and hosted options are currently being investigated, which could lead to a significant reduction in the estimated cost, but discussions are at an early stage. The cost will be met from Council resources (capital receipts).

### Post-Completion Reports

3.6 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 December meeting, the PDS Committee agreed that a post-completion report on the Civic Centre – Emergency Back-up scheme should be submitted and this will be reported to the next meeting.

## 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 Resources Portfolio Capital Programme are set out in the table in paragraph 3.2.

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