

Decision Maker: RENEWAL & RECREATION PORTFOLIO HOLDER

Date: For pre-decision scrutiny by the Renewal & Recreation PDS Committee on 26th February 2013

Decision Type: Non-Urgent Executive Non-Key

Title: CAPITAL PROGRAMME MONITORING Q3 2012/13 & ANNUAL CAPITAL REVIEW 2013 TO 2017

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Chief Officer: Director of Resources

Ward: (All Wards);

1. Reason for report

On 6th February 2013, the Executive received a report summarising the current position on capital expenditure and receipts following the 3rd quarter of 2012/13 and presenting for approval the new capital schemes supported by Council Directors in the annual capital review process. The Executive agreed a revised Capital Programme for the five year period 2012/13 to 2016/17. This report highlights in paragraphs 3.2 to 3.4 changes agreed by the Executive in respect of the Capital Programme for the Renewal & Recreation (R&R) Portfolio. The revised programme for this portfolio is set out in Appendix A and detailed comments on individual schemes are included at Appendix B.

2. **RECOMMENDATION(S)**

The Portfolio Holder is asked to confirm the changes agreed by the Executive on 6th February and to note the early warning that £1.5m will have to be rephased on the Bromley North Village scheme (see paragraphs 3.7 to 3.9).

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: Not Applicable
 2. Ongoing costs: Not Applicable
 3. Budget head/performance centre: N/A (Capital Programme)
 4. Total current budget for this head: £12.1m for the Renewal & Recreation Portfolio over five years 2012/13 to 2016/17
 5. Source of funding: Capital grants, capital receipts and earmarked revenue contributions
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Staff

1. Number of staff (current and additional): 0.25 fte
 2. If from existing staff resources, number of staff hours: 9 hours per week
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Legal

1. Legal Requirement: Non-Statutory - Government Guidance
 2. Call-in: 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 6th February, following a detailed monitoring exercise carried out after the 3rd quarter of 2012/13. The Executive also considered and approved new capital schemes supported by Council Directors in the annual capital review process. This report identifies changes relating to the R&R Portfolio and the table in paragraph 3.2 summarises the overall position following the Executive meeting.

Capital Monitoring – variations agreed by the Executive on 6th February 2013

3.2 A revised Capital Programme was approved by the Executive on 6th February, following a detailed monitoring exercise carried out after the 3rd quarter of 2012/13. The base position was the revised programme approved by the Executive on 24th October 2012, as amended by variations approved at subsequent Executive meetings. Changes to the R&R Portfolio Programme approved by the Executive in February are shown in the table below and further details are included in paragraphs 3.3 and 3.4. The revised Programme for the R&R Portfolio is attached as Appendix A and detailed comments on individual schemes are included at Appendix B.

Capital Expenditure	2012/13	2013/14	2014/15	2015/16	2016/17	TOTAL
	£000	£000	£000	£000	£000	£000
Approved Capital Programme (24/10/12)	6,126	3,051	2,010	251	-	11,438
<u>Variations agreed by Executive 06/02/13</u>						
Deletion of residual budgets (para 3.3)	-10	-	-	-	-	-10
Scheme rephasing (para 3.4)						
- Central Library/Churchill Theatre-chillers	-457	457	-	-	-	-
- Bromley Museum at the Priory	-122	122	-	-	-	-
- Bromley North Village – Public Realm	-1,588	498	1,090	-	-	-
Total Q3 Monitoring Variations	-2,177	1,077	1,090	-	-	-10
New schemes (para 3.7)	-	-	-	-	10	10
Penge/Anerley Libraries-46 Green Lane (separate report to Executive 06/02/13)	-	689	-	-	-	689
Revised R&R Programme	3,949	4,817	3,100	251	10	12,127

3.3 Deletion of residual budgets no longer required (reduction of £10k in 2012/13)

In the monitoring exercise for the latest quarter, a number of residual scheme budgets were deleted where schemes are now complete or where those residual budgets are no longer required. One of these, the budget for feasibility studies (£10k) was part of the R&R Portfolio Capital Programme and this was deleted by the Executive.

3.4 Scheme Rephasing

In reports to both the June and July meetings, the Executive was informed of the final outturn for capital expenditure in 2011/12 and noted that the overall level of slippage into later years (some £6.9m) was significantly lower than in previous years. Slippage of capital spending estimates has been a recurring theme over the years and Members were pleased to note that, following a review of the system for capital monitoring and for estimating the phasing of expenditure, carried out after the 2010/11 final outturn, a more realistic approach towards anticipating slippage was taken in setting the revised estimates in February. Some £2.5m of the overall slippage from 2011/12 into 2012/13 related to R&R Portfolio schemes and this was analysed in the 1st

quarter's monitoring report to this Committee's meeting in October. In that report, a number of changes were confirmed but no further rephasings were agreed at that stage and none were identified in the 2nd quarterly report in November. The Q3 monitoring exercise resulted in the changes set out in paragraphs 3.2 to 3.4 above and also in further rephasing adjustments totalling £2.2m from 2012/13 into later years. These are itemised in the table in paragraph 3.2 and comments on scheme progress are provided in Appendix B.

Annual Capital Review – new scheme proposals

3.5 As part of the normal annual review of the Capital Programme, Council Directors were invited to come forward with bids for new capital investment. Considerably fewer bids were received than in previous years and, although no new R&R schemes were put forward, the continuation of the annual capital spending programme for feasibility studies (£10k in 2016/17) was agreed by the Executive.

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 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. A post-completion report on the Orpington Library Relocation scheme is due to be submitted before 31st March 2013.

Early warning of scheme rephasing

3.7 Members are asked to note that it is now highly likely that £1.5m will have to be rephased from 2012/13 into 2013/14 on the Bromley North Village scheme. Appendix B highlights that the scheme has already been delayed due to significant design and construction issues such as the extensive testing of the proposed construction methodology, clarification and approval for the use of the term contractor and delays in the receipt of the bus consultation report from TfL. These issues have all arisen since the 3rd quarter capital monitoring report was submitted to the Executive.

3.8 In addition, officers are still awaiting formal approval of the funding from TfL as well as formal agreement to re-profile the Outer London Fund support from the GLA. Without confirmation of the funding streams, officers have been unable to place the orders for works and materials and, consequently, the materials will not be received until after the end of March.

3.9 Officers expect the design work to be completed by the end of March 2013 and, therefore, the projected spend on the project in 2012/13 is estimated to be £450k, requiring the further rephrasing of £1.5m into 2013/14.

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 6th February 2013. Changes agreed by the Executive for the R&R Portfolio Capital Programme are set out in the table in paragraph 3.2.

Non-Applicable Sections:	Legal and Personnel Implications
Background Documents: (Access via Contact Officer)	Departmental monitoring returns January 2013. Approved Capital Programme (Executive 24/10/12). Q2 Monitoring report (Executive 24/10/12). Capital appraisal forms submitted by Chief Officers in November 2012. Report to Council Directors' meeting 12/12/12.