

Decision Maker: Environment PDS Committee

Date: 5th March 2013

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

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

Contact Officer: Martin Reeves, Principal Accountant
Tel: 020 8313 4291 E-mail: martin.reeves@bromley.gov.uk

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 3.5 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.

2. **RECOMMENDATION**

The Committee is asked to note the changes agreed by the Executive on 6th 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; Quality Environment
-

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: £31.9m for the Environment Portfolio over five years 2012/13 to 2016/17
 5. Source of funding: Capital grants, capital receipts and earmarked revenue contributions
-

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
-

Legal

1. Legal Requirement: Non-Statutory - Government Guidance
 2. Call-in: Not Applicable
-

Customer Impact

1. Estimated number of users/beneficiaries (current and projected): N/A
-

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 Environment 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 The base position prior to the 3rd quarter's monitoring exercise was the revised programme approved by the Executive on 24th October 2012, as amended by variations approved at subsequent Executive meetings. Changes to the Environment Portfolio Programme approved by the Executive in February are shown in the table below and further details are included in paragraphs 3.3 to 3.5. The revised Programme for the Environment Portfolio is attached as Appendix A and detailed comments on individual schemes are included at Appendix B.

Capital Expenditure	2012/13 £000	2013/14 £000	2014/15 £000	2015/16 £000	2016/17 £000	TOTAL £000
Approved Capital Programme (24/10/12)	7,614	3,289	4,050	4,050	-	19,003
Street Lighting Invest to Save (Executive 28/11/12)	-	4,254	4,253	-	-	8,507
Approved Programme before Q3	7,614	7,543	8,303	4,050	-	27,510
<u>Variations agreed by Executive 06/02/13</u>						
Deletion of residual budgets (para 3.3)	-110	-	-	-	-	-110
Revised grant support (para 3.4)						
- TfL	-98	-	-	-	-	-98
- SEELS Street Lighting project	532	-	-	-	-	532
Scheme rephasing (para 3.5)						
- Winter maintenance - gritters	-123	123	-	-	-	-
- Carbon Management Programme	-138	138	-	-	-	-
Total Q3 Monitoring Variations	63	261	-	-	-	324
New schemes (para 3.6)	-	-	-	-	4,050	4,050
Revised Environment Programme	7,677	7,804	8,303	4,050	4,050	31,884

3.3 Deletion of residual budgets no longer required (reduction of £110k 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. Two of these, the budgets for increasing the parking capacity in Bromley Town Centre (£100k) and for feasibility studies (£10k) were part of the Environment Portfolio Capital Programme and were deleted by the Executive.

3.4 New/additional/revised external funding (total net addition of £434k)

The Executive was informed that notification had recently been received of a number of new, additional or revised grant allocations to support capital expenditure and approved the relevant amendments to the Capital Programme.

TfL support for highway schemes - provision for transport schemes to be 100% funded by TfL was originally included in the Capital Programme 2012/13 to 2015/16 on the basis of the bid in our Borough Spending Plan (BSP). Notification of an overall reduction of £98k in 2012/13 has

been received from TfL. Grant allocations from TfL change frequently and any further variations will be reported in subsequent capital monitoring reports.

SEELS (Salix Energy Efficiency Loan Scheme) Street Lighting Project – the Council has been awarded £532k by Salix, which will be used to purchase equipment, etc that will reduce electricity consumption within Street Lighting. Under the scheme, funds will be returned to Salix over time, financed by revenue savings the scheme generates.

3.5 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 for 2011/12 in February 2012. There was a net overspend of £0.3m on Environment Portfolio schemes in 2011/12 (mainly on the Chislehurst Road Bridge scheme) and this was analysed in the 1st quarter's monitoring report to the PDS Committee meeting in September. In that report, a number of changes were confirmed but no further rephasings were agreed at that stage. In the 2nd quarterly report to this Sub-Committee in November, further changes were confirmed and a total of £69k was rephased from 2012/13 into 2013/14. 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 £261k from 2012/13 into 2013/14. 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

3.6 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 Environment schemes were put forward, the continuation of annual Environment capital spending programmes totalling £4,050k in 2016/17 was agreed by the Executive. This comprised £4.0m for highway schemes to be funded by Transport for London, £40k for the continuation of the winter maintenance equipment replacement programme (met from Council resources) and £10k for feasibility studies (also met from Council resources).

Post-Completion Reports

3.7 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. While no post-completion reports are currently due for completed Environment Portfolio schemes, this quarterly report will monitor the future position and will highlight any future reports required.

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 Environment 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.