

Decision Maker: RESOURCES PORTFOLIO HOLDER

Date: For pre-decision scrutiny by the Resources PDS Committee on 27th
March 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: Mark Bowen, 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 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.

2. **RECOMMENDATION(S)**

The Portfolio Holder is asked to confirm 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; Supporting Independence
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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: £10.7m for the Resources 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 Resources 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. The only changes to the Resources Portfolio Programme approved by the Executive in February were scheme rephasings and these are detailed in the table below. The revised Programme for the Resources 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)	4,654	2,335	25	25	-	7,039
Property Investment Fund (Executive 06/12/12) (para 3.5)	2,156	-	-	-	-	2,156
Approved Programme before Q3	6,810	2,335	25	25	-	14,212
<u>Variations agreed by Executive 06/02/13</u>						
Scheme rephasing (para 3.3)						
- Capital Ambition – improve & efficiency	-100	100	-	-	-	-
- Joint Web platform	-63	63	-	-	-	-
- Upgrade of core network hardware	-300	300	-	-	-	-
- Performance management/Children's IT	-150	150	-	-	-	-
Total Q3 Monitoring Variations	-613	613	-	-	-	-
New schemes (para 3.4)	-	-	750	750	-	1,500
Revised Resources Programme	6,197	2,948	775	775	-	10,695

3.3 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. Some £607k of the overall slippage from 2011/12 into 2012/13 related to Resources Portfolio schemes and this was analysed in the 1st quarter's monitoring report to the PDS Committee meeting in September. In that report, one further rephasing (£25k) was agreed. In the 2nd quarterly report to this Committee in November, changes to the programme were confirmed but no further rephasings were identified. The Q3 monitoring exercise resulted in further rephasing adjustments totalling £613k 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

- 3.4 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. One of these, the business-critical replacement of storage area networks that are approaching the end of their useful lives (£750k in both 2014/15 and 2015/16) was approved by the Executive.

Property Investment Fund

- 3.5 On 7th September 2011, Members approved the creation of a Property Investment Fund (earmarked reserve) of £10.0m and agreed that monitoring of the fund would be included in quarterly capital monitoring reports to the Executive. It was subsequently agreed by the Executive in October 2011 that decisions on the purchase of properties costing up to £2m be delegated to the Director of Renewal & Recreation in consultation with the Director of Resources, the Leader of the Council and the Portfolio Holders for Resources and Renewal & Recreation. Schemes (i.e. property acquisitions) will be included in the Capital Programme as and when they are agreed by Members and funding will be drawn down from the Fund. The purchase of 95 High Street, Bromley, at a final total cost of £1,620k, was completed in April 2012 (£1,622k had previously been included in the Capital Programme). At a special meeting in December 2012, the Executive approved the acquisition of three further properties in Bromley High Street. Exchange of contracts on these was originally required before Christmas, but last-minute issues relating to two of them caused this to be delayed and, ultimately, only one of the acquisitions, 98 High Street, Bromley, proceeded to completion in February 2013 at a total cost of £2,158k. The net addition of £2,156k was approved by the Executive in February.

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. While no post-completion reports are currently due for completed Resources 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 for the Resources 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.