

Decision Maker: Environment Portfolio Holder

Date: For Pre-Decision Scrutiny by the Environment PDS Committee on
25th March 2014

Decision Type: Non-Urgent Executive Non-Key

Title: CAPITAL PROGRAMME MONITORING Q3 2013/14 & ANNUAL
CAPITAL REVIEW 2014 TO 2018

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Chief Officer: Director of Finance

Ward: (All Wards);

1. Reason for report

On 12th February 2014, the Executive received a report summarising the current position on capital expenditure and receipts following the 3rd quarter of 2013/14 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 2013/14 to 2017/18. This report highlights 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, detailed comments on individual schemes are included at Appendix B and the new schemes approved for this Portfolio are set out in Appendix C.

2. **RECOMMENDATION**

The Portfolio Holder is asked to note the changes agreed by the Executive on 12th February 2014.

Corporate Policy

1. Policy Status: Existing Policy: Capital Programme monitoring is part of the planning and review process for all services. Capital schemes help to maintain and improve the quality of life in the borough. Affective asset management planning (AMP) is a crucial corporate activity if a local authority is to achieve its corporate and service aims and objectives and deliver its services. The Council continuously reviews its property assets and service users are regularly asked to justify their continued use of the property. For each of our portfolios and service priorities, we review our main aims and outcomes through the AMP process and identify those that require the use of capital assets. Our primary concern is to ensure that capital investment provides value for money and matches the Council's overall priorities as set out in the Community Plan and in "Building a Better Bromley". The capital review process requires Council Directors to ensure that bids for capital investment provide value for money and match Council plans and priorities.
 2. BBB Priority: Excellent Council; Quality Environment
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Financial

1. Cost of proposal: £4.4m for new schemes (see para 3.7 and Appendix C)
 2. Ongoing costs: Not Applicable
 3. Budget head/performance centre: Capital Programme
 4. Total current budget for this head: £32.0m for the Environment Portfolio over five years 2013/14 to 2017/18
 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: 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 12th February, following a detailed monitoring exercise carried out after the 3rd quarter of 2013/14. 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 12th February 2014

3.2 The base position prior to the 3rd quarter's monitoring exercise was the revised programme approved by the Executive on 20th November 2013, 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 (including new schemes) is attached as Appendix A and detailed comments on individual schemes are included at Appendix B.

	2013/14	2014/15	2015/16	2016/17	2017/18	TOTAL 2013/14 to 2017/18
	£000	£000	£000	£000	£000	£000
Programme approved by Executive 20/11/13	8,929	8,303	4,050	4,050	0	25,332
Less: Carbon Management scheme t/f to Resources	-138	0	0	0	0	-138
Beckenham Town Centre improvements (Executive 16/10/13)	0	214	800	2,243	0	3,257
Programme before Q3 monitoring	8,791	8,517	4,850	6,293	0	28,451
<u>Variations agreed by Executive 12/02/14</u>						
Revised TfL grant allocations (para 3.3)	-843	0	0	0	0	-843
Station Road Car Park - completed scheme (para 3.4)	-21	0	0	0	0	-21
Rephasings from 2013/14 to later years (para 3.5)	-1,035	1,035	0	0	0	0
Total Q3 Monitoring variations	-1,899	1,035	0	0	0	-864
New schemes (para 3.7 and Appendix C)	0	120	50	140	4,100	4,410
Revised Environment Capital Programme	6,892	9,672	4,900	6,433	4,100	31,997

3.3 Transport for London (TfL) – Revised Support for Highway Schemes (£843k reduction)

Provision for transport schemes to be 100% funded by TfL was originally included in the Capital Programme 2013/14 to 2016/17 on the basis of the bid in our Borough Spending Plan (BSP). Notification of an overall reduction of £843k in 2013/14 was reported to the Executive on 12th February and the Capital Programme was reduced accordingly. Grant allocations from TfL change frequently and any further variations will be reported in subsequent capital monitoring reports

3.4 Station Road Car Park – deletion of residual balance (£21k reduction)

Provision for miscellaneous items of expenditure has remained in the Capital Programme for a number of years after the completion of the sale of Station Road Car Park, Orpington, to Tesco. The Executive was advised that no further expenditure is anticipated on this scheme and agreed that the remaining budget of £21k be deleted.

3.5 Scheme rephasing

In reports last year to both the June and July meetings, the Executive was informed of the final outturn for capital expenditure in 2012/13 and noted that the overall level of unanticipated slippage into later years (some £4.1m) was significantly lower than in previous years and had continued the improvement seen at the end of 2011/12. 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 apparently taken in setting the revised (final) estimates for 2011/12 and 2012/13 in February 2012 and 2013 respectively. Some £545k of the overall slippage from 2012/13 into 2013/14 related to Environment Portfolio schemes and this was analysed in the 1st quarter's monitoring report to the PDS Committee meeting in October 2013. No rephasings on Environment schemes from 2013/14 into later years were identified in either the 1st or the 2nd quarter's monitoring exercises, but, as is shown in the table in paragraph 3.2, a total of £1.0m was rephased by the Executive in February. This is itemised in the table below and comments on scheme progress are provided in Appendix B.

Capital Expenditure – Rephasing in Q3 monitoring	2013/14 £000	2014/15 £000
Orpington Public Realm improvements	-42	42
Street Lighting Invest to Save initiative	-951	951
Bromley Town Centre – increased parking capacity	-42	42
Total Environment Programme rephasing	-1,035	1,035

Annual Capital Review – new scheme proposals

- 3.6 In recent years, we have steadily scaled down new capital expenditure plans and have transferred all of the rolling maintenance programmes to the revenue budget. Our general (un-earmarked) reserves, established from the disposal of our housing stock and the Glades Site, have been gradually spent and have fallen from £131m in 1997 to £31.8m (including unapplied capital receipts) as at 31st March 2013. Our asset disposal programme has diminished and any new capital spending will effectively have to be met from our remaining revenue reserves.
- 3.7 As part of the normal annual review of the Capital Programme, Chief Officers were invited to come forward with bids for new capital investment. Invest to Save bids were particularly encouraged, but none were received, and it is assumed that any such bids will be submitted in due course through the earmarked reserve that was created in 2011. Apart from the normal annual capital bids relating to school and highway schemes, four bids were recommended for approval, with a total value of £2.2m, all of which would require funding from the Council's resources. Details of the new Environment Portfolio schemes are provided in Appendix C.

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 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 12th February 2014. Changes agreed by the Executive for the Environment Portfolio Capital Programme are set out in paragraph 3.2.

Non-Applicable Sections:	Legal and Personnel Implications
Background Documents: (Access via Contact Officer)	Departmental monitoring returns January 2014. Approved Capital Programme (Executive 20/11/13). Capital appraisal forms submitted by Chief Officers in November 2013. Report to Council Directors' meeting 15/01/14.