

Decision Maker: RENEWAL & RECREATION PORTFOLIO HOLDER

Date: For pre-decision scrutiny by the Renewal & Recreation PDS Committee on 18th March 2015

Decision Type: Non-Urgent Executive Non-Key

Title: CAPITAL PROGRAMME MONITORING - 3ND QUARTER 2014/15 & ANNUAL CAPITAL REVIEW 2014 TO 2018

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Chief Officer: Director of Finance

Ward: (All Wards);

1. Reason for report

On 11th February 2015, the Executive received a report summarising the current position on capital expenditure and receipts following the 3rd quarter of 2014/15 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 2014/15 to 2018/19. This report highlights 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, detailed comments on individual schemes are included at Appendix B and the new schemes approved for this Portfolio are set out in paragraph 3.6.

2. **RECOMMENDATION(S)**

The Portfolio Holder is asked to note the changes agreed by the Executive on 11th February 2015.

Corporate Policy

1. Policy Status: Existing Policy: Capital Programme monitoring and review 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; Supporting Independence
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Financial

1. Cost of proposal: £10k in 2018/19 for new scheme (feasibility studies)
 2. Ongoing costs: Not Applicable
 3. Budget head/performance centre: Capital Programme
 4. Total current budget for this head: £7.9m for the R&R Portfolio over five years 2014/15 to 2018/19
 5. Source of funding: Capital grants, capital receipts and earmarked revenue contributions
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Staff

1. Number of staff (current and additional): 1 fte
 2. If from existing staff resources, number of staff hours: 36 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 11th February, following a detailed monitoring exercise carried out after the 3rd quarter of 2014/15. 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 11th February 2015

3.2 The base position prior to the 3rd quarter's monitoring exercise was the revised programme approved by the Executive on 26th November 2014, 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 to 3.6. The revised Programme for the R&R Portfolio (including new schemes) is attached as Appendix A and detailed comments on individual schemes are included at Appendix B.

	2014/15	2015/16	2016/17	2017/18	2018/19	TOTAL 2014/15 to 2018/19
	£000	£000	£000	£000	£000	£000
Programme approved by Executive 26/11/14	6,520	2,223	1,545	10	0	10,298
Bromley Museum at the The Priory (Exec 22/07/14)						
- withdrawn Lottery funding bid	-2,032	-241	0	0	0	-2,273
Approved Programme prior to Q3 Monitoring	4,488	1,982	1,545	10	0	8,025
<u>Variations approved by Executive 11/02/15</u>						
Deletion of residual budgets (see para 3.3)						
- Penge/Anerley Libraries - 46 Green Lane	-49	0	0	0	0	-49
- Newstead Wood Tennis Centre	-60	0	0	0	0	-60
Schemes rephased from 2014/15 into later years (see para 3.4)						
	-125	125	0	0	0	0
Total Q3 Monitoring variations	-234	125	0	0	0	-109
New schemes (see para 3.6)						
	0	0	0	0	10	10
Revised R&R Capital Programme	4,254	2,107	1,545	10	10	7,926

3.3 Deletion of residual balance for completed schemes (£109k reduction):

At the February meeting of the Executive, Members approved the deletion of residual budgets totalling £109k in respect of two schemes in the R&R Portfolio that reached completion in 2014/15. This included £60k on Newstead Wood Tennis centre and £49k on the new Penge/Anerley Library at 46 Green Lane.

3.4 Schemes rephased from 2014/15 into later years

In the final outturn report to the meeting in June 2014, the Executive was informed of the final outturn for capital expenditure in 2013/14 and noted that the overall level of unanticipated slippage into later years £8.4m (£5.4m of which was due to delays in completing the acquisition of High Street properties). Slippage of capital spending estimates has been a recurring theme over the years and Members were pleased to note that improvements made in 2011/12 following a review of the system of capital monitoring and for estimating the phasing of expenditure were continuing to result in a more realistic approach towards anticipating slippage.

Some £0.9m of the overall slippage from 2013/14 into 2014/15 related to R&R Portfolio schemes and this was analysed in the 1st quarter's monitoring report to the PDS Committee meeting in September 2014. After allowing for minor adjustments that were not re-phased, a total of £865k was re-phased into 2014/15, and £300k was re-phased from 2014/15 into later years. In the 2nd quarterly report to the PDS Committee in January, Members were advised that £1,172k had been re-phased from 2014/15 into later years by the Executive in November and, as is shown in the table in paragraph 3.2, a total of £125k was re-phased by the Executive in February to reflect revised estimates of when expenditure on R&R schemes are likely to be incurred. This is itemised in the table below and comments on scheme progress are provided in Appendix B.

Capital Expenditure – Rephasing in Q3 monitoring	2014/15 £000	2015/16 £000
Biggin Hill Leisure Centre	-95	95
Bromley MyTime Investment Fund	-30	30
Total R&R Programme rephasing	-125	125

Annual Capital Review – new scheme proposals

- 3.5 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 £42m (including unapplied capital receipts) as at 31st March 2014. Whilst opportunities to dispose of property assets are being rigorously pursued, the level of receipts is not as high as in the past and new capital spending will effectively have to be met from our remaining revenue reserves.
- 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. 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, two bids were approved with a total value of £1.02m, all of which will require funding from the Council's resources. None of these related to this Portfolio, but the 2018/19 annual provisions for feasibility studies (£10k) on potential new schemes was approved and have now been included in the Capital Programme.

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. After major slippage of expenditure in recent years, 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. No post-completion reports are currently due for the R&R Portfolio, but this quarterly report will monitor the future position and will highlight any further 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 11th February 2015. Changes agreed by the Executive for the R&R 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 2015. Approved Capital Programme (Executive 26/11/14). Capital Q3 monitoring report (Executive 11/02/15). Capital appraisal forms submitted by Chief Officers in November 2014. Report to Council Directors' meeting 10/12/14