

**Decision Maker:** PUBLIC PROTECTION & SAFETY PORTFOLIO HOLDER

**Date:** For pre-decision scrutiny by the Public Protection & Safety PDS Committee on 08th April 2015

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

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

**Contact Officer:** Martin Reeves, Principal Accountant (Technical & Control)  
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**Chief Officer:** Director of Finance

**Ward:** All

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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. No changes were made to the Capital Programme for the Public Protection and Safety (PP&S) Portfolio. The programme for this portfolio is set out in Appendix A and detailed comments on individual schemes are included at Appendix B.

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2. **RECOMMENDATION(S)**

**The Portfolio Holder is asked to note the Capital Programme agreed by the Executive on 11<sup>th</sup> February 2015 and the early warning that £200k will need to be re-phased to 2015/16.**

## 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
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## Financial

1. Cost of proposal: No overall change over the 5 years 2014/15 to 2018/19.
  2. Ongoing costs: Not Applicable
  3. Budget head/performance centre: Capital Programme
  4. Total current budget for this head: £340k for the PP&S 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? N/A
2. Summary of Ward Councillors comments: N/A

### 3. COMMENTARY

#### Capital Monitoring - agreed by the Executive on 11<sup>th</sup> February 2015

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. There are no changes to schemes in the PP&S Programme. The Programme for the PP&S Portfolio is attached as Appendix A and detailed comments on the 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	320	20	0	0	0	340
<b>Total Revised PP&amp;S Programme</b>	<b>320</b>	<b>20</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>340</b>

#### 3.2 CCTV Control Room (Refurbishment)

Since the revised PP&S Capital Programme approved by Executive in February, unexpected issues have arisen on the CCTV Control Room (Refurbishment) scheme which is likely to result in delays on the work anticipated to be completed in 2014/15. There were technical problems with the tender process and the responsible officer has been involved in various clarification exercises. The contract price has now been agreed as correct, having regard to the clarification points raised within the tender process. The responsible officer advised that the contractors are expected to be on site in March 2015, later than projected. Although the equipment will be purchased up front in this financial year, the work will not be complete until 2015/16. The current Gant chart forecast completion date is July 2015. The revised completion date will mean a potential underspend on this scheme in the 2014/15 outturn.

#### 3.3 Scheme re-phased 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 was £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.

No rephasing adjustments were made by the Executive in February, but it has since become clear that the majority of the work to the CCTV Control Room is unlikely to be completed by 31<sup>st</sup> March. As a result, Members are advised of an early warning that up to £200k will need to be re-phased to 2015/16. More details are provided in Appendix B.

#### Annual Capital Review – new scheme proposals

3.4 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 31<sup>st</sup> 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.

- 3.5 As part of the normal annual review of the Capital Programme, Council Directors were invited to come forward with bids for new capital investment. 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 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.

**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. 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 PP&S 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 PP&S Portfolio Capital Programme are set out in the table in paragraph 3.1.

<b>Non-Applicable Sections:</b>	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