

Decision Maker: RESOURCES PORTFOLIO HOLDER

Date: For Pre-Decision Scrutiny by the Executive & Resources PDS Committee on 3rd September 2015

Decision Type: Non-Urgent Executive Non-Key

Title: CAPITAL PROGRAMME MONITORING - 1ST QUARTER 2015/16

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Chief Officer: Director of Finance

Ward: (All Wards);

1. Reason for report

On 15th July 2015, the Executive received the 1st quarterly capital monitoring report for 2015/16 and agreed a revised Capital Programme for the four year period 2015/16 to 2018/19. The report also covered any detailed issues relating to the 2014/15 Capital Programme outturn, which had been reported in summary form to the June meeting of the Executive. This report highlights in paragraphs 3.1 to 3.5 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, details of the 2014/15 outturn are included in Appendix B and detailed comments on scheme progress as at the end of the first quarter of 2015/16 are shown in Appendix C.

2. **RECOMMENDATION(S)**

The Portfolio Holder is asked to note and confirm the changes agreed by the Executive on 15th July 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".
 2. BBB Priority: Excellent Council; Supporting Independence
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Financial

1. Cost of proposal: Total decrease of £0.3m, due to re-phasing of overspend from 2014/15 (see para. 3.5)
 2. Ongoing costs: Not Applicable
 3. Budget head/performance centre: Capital Programme
 4. Total current budget for this head: £41.9m for the Resources Portfolio over five years 2015/16 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: 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 Expenditure

3.1 A revised Capital Programme was approved by the Executive in July, following final outturn figures for 2014/15 and a detailed monitoring exercise carried out after the 1st quarter of 2015/16. The base position prior to the 1st quarter's monitoring exercise was the revised programme approved by the Executive on 11th February 2015, as amended by variations approved at subsequent Executive meetings. Changes to the Resources Portfolio Programme approved by the Executive in July are shown in the table below and further details are included in paragraphs 3.2 to 3.5. The revised Programme for the Resources Portfolio is attached as Appendix A. Appendix B includes details of the final outturn in 2014/15 and Appendix C shows actual spend against budget in the first quarter of 2015/16, together with detailed comments on individual schemes.

	2015/16	2016/17	2017/18	2018/19	TOTAL
	£000	£000	£000	£000	2015/16 to 2018/19
	£000	£000	£000	£000	£000
Programme approved by Executive 11/02/15	5,614	15,500	30	30	21,174
Property Investment Fund					
- additional acquisition (Exec 24/03/15) (see para.3.2)	8,739	0	0	0	8,739
Civic Centre for the Future (Exec 24/03/15)	50	0	0	0	50
Block provision c/fwd into 2015/16					
- emergency works to surplus sites (Exec 10/06/15) (see para 3.3)	18	0	0	0	18
Approved Programme prior to Q1 Monitoring	14,421	15,500	30	30	29,981
<u>Variations approved by Executive 15/07/15</u>					
Virement re. Window 7 (see para. 3.4)					
- From: Financial Systems Upgrade	-43	0	0	0	-43
- To: Rollout of Window 7	43	0	0	0	43
Net overspendings in 2014/15 rephased into 2015/16 (see para 3.5)	-292	0	0	0	-292
Total Amendment to the Capital Programme in Q1 monitoring	-292	0	0	0	-292
Two further investment property acquisitions (included in separate reports on the agenda) (see para 3.2)	12,196	0	0	0	12,196
Revised Resources Capital Programme	26,325	15,500	30	30	41,885

3.2 Property acquisitions – approval of additional properties

At its meeting in March, the Executive approved further investment property acquisitions the cost of which will be met by a revenue contribution from the Investment Fund. It was noted that further property investment opportunities will be reported to the Executive as they are identified and two more were agreed by the Executive on 15th July 2015

3.3 Emergency works on surplus sites – carry-forward of underspend in 2014/15

In June, the Executive agreed to carry forward into 2015/16 the 2014/15 underspend of £18k on the capital budget for emergency works to prepare surplus sites for disposal.

3.4 Virement of £43k from Financial Systems Upgrade to Rollout of Windows 7:

Due to the impact of moving to Windows 7, additional works are required to upgrade older dependent systems and software along with service improvements to bring the system in line

with recognised industry best practice. £43k from the budget for the Financial Systems Upgrade scheme has been allocated to contribute towards upgrading Version One and, in July, the Executive agreed to vire £43k from the Financial Systems Upgrade scheme to the Rollout of Windows 7 budget to ensure the funding is located where the actual spend is.

3.5 Net overspendings in 2014/15 re-phased into 2015/16

The 2014/15 Capital Outturn was reported to the Executive on 10th June 2015. The final capital outturn for the year for Resources Portfolio schemes was £23,527k compared to a revised budget of £23,253k approved by the Executive in February. After allowing for the underspend that was accounted for in the block provision adjustment set out in paragraph 3.3 (£18k), a total of £292k overspend has been re-phased into 2015/16. This was mainly due to an acceleration in the programme of works to replace the MD110 telephone switch and Rollout of Window 7 and Office 2000.

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. Post-completion reports on the following schemes are currently due for the Resources Portfolio and this will be reported in 2015/16.

Former Chartwell Business Centre – improvement works

Increasing Network Security

Civic Centre Cabling Renewal

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.

5. FINANCIAL IMPLICATIONS

5.1 These were reported in full to the Executive on 15th July 2015. Changes agreed by the Executive for the Resources Portfolio Capital Programme are set out in paragraph 3.1.

Non-Applicable Sections:	Legal and Personnel Implications
Background Documents: (Access via Contact Officer)	Departmental monitoring returns June 2015. Approved Capital Programme (Executive 11/02/15). Capital Outturn report (Executive 10/06/15) and Q1 monitoring report (Executive 15/07/15).