

Decision Maker: RESOURCES PORTFOLIO HOLDER

Date: For pre-decision scrutiny by the Executive & Resources PDS Committee on 6th January 2016

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

Title: CAPITAL PROGRAMME MONITORING - 2ND QUARTER 2015/16

Contact Officer: Martin Reeves, Principal Accountant (Technical & Control)
Tel: 020 8313 4291 E-mail: martin.reeves@bromley.gov.uk

Chief Officer: Director of Finance

Ward: All

1. Reason for report

On 2nd December 2015, the Executive received the 2nd quarterly capital monitoring report for 2015/16 and agreed a revised Capital Programme for the four year period 2015/16 to 2018/19. This report highlights in paragraphs 3.1 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 scheme progress as at the end of the first half of 2015/16 are shown in Appendix B.

2. **RECOMMENDATION(S)**

The Portfolio Holder is asked to note and confirm the changes agreed by the Executive in December 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. Effective 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
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Financial

1. Cost of proposal: Reduction of £122k over the 4 years 2015/16 to 2018/19.
 2. Ongoing costs: Not Applicable
 3. Budget head/performance centre: Capital Programme
 4. Total current budget for this head: £48.0m for the Resources Portfolio over four 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: 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 – variations agreed by the Executive on 2nd December 2015

3.1 A revised Capital Programme was approved by the Executive in December, following a detailed monitoring exercise carried out after the 2nd quarter of 2015/16. The base position was the revised programme approved by the Executive on 15th July 2015, as amended by variations approved at subsequent Executive meetings. All changes on schemes in the Resources Programme are itemised in the table below and further details are included in paragraphs 3.2 to 3.4. The revised Programme for the Resources Portfolio is attached as Appendix A. Appendix B shows actual spend against budget at the end of the first half of 2015/16, together with detailed comments on individual schemes.

	2015/16	2016/17	2017/18	2018/19	TOTAL 2015/16 to 2018/19
	£000	£000	£000	£000	£000
Programme approved by Executive 15/07/15	26,325	15,500	30	30	41,885
Property Investment Fund (Executive 07/08/15)					
- additional acquisition (see para 3.2)	6,270	0	0	0	6,270
Approved Programme prior to Q2 Monitoring	32,595	15,500	30	30	48,155
<u>Variations approved by Executive 02/12/15</u>					
Property Investment Fund (see para 3.2)	-122	0	0	0	-122
Schemes rephased from 2015/16 into 2016/17 (see para 3.3)	-2,486	2,486	0	0	0
Total Amendment to the Capital Programme	-2,608	2,486	0	0	-122
Total Revised Resources Programme	29,987	17,986	30	30	48,033

3.2 Property Acquisitions – approval of additional properties

On 7th August 2015, the Executive agreed a further investment property acquisition at the cost of £6,270k which will be met by a revenue contribution from the Investment Fund.

Since the revised Resources Capital Programme was approved by Executive in December, several issues (related to tenants covenant, planning permission and repairs) have come to light during the due diligence process. Consequently, a decision was taken to withdraw the property acquisition and this will be removed from the programme in the next monitoring report.

3.3 Property Investment Fund (£122k reduction in 2015/16)

In December, the Executive was informed that the associated costs on the property acquisitions were lower than expected. This is mainly due to lower legal costs than expected on the acquisition of 145-153 High Street, 27 Holmesdale Road and Morrisons. The Executive approved a reduction of £122k in 2015/16 on the Property Investment Fund.

3.4 Schemes rephased from 2015/16 into later years

As part of the 2nd quarter monitoring exercise, £2,486k has been rephased from 2015/16 into 2016/17 to reflect revised estimates of when expenditure on Resources schemes is likely to be incurred. This has no overall impact on the total approved estimate for the capital programme. Further details and comments are provided in Appendix B.

Capital Expenditure – Rephasing in Q2 monitoring	2015/16 £000	2016/17 £000
Digital Print Strategy	-25	25
Former Chartwell Business Centre - improvement works	-11	11
Replacement of Storage Area Networks	-1,000	1,000
SharePoint Productivity Platform upgrade/replacement	-500	500
Upgrade of Core Network Hardware	-500	500
Windows Server 2003 replacement program	-450	450
Total Resources Programme rephasing	-2,486	2,486

Post-Completion Reports

3.5 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 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 2nd December 2015. Changes agreed by the Executive for the Resources Portfolio Capital Programme are set out in the table in paragraph 3.1.

Non-Applicable Sections:	Legal and Personnel Implications
Background Documents: (Access via Contact Officer)	Approved Capital Programme (Executive 15/07/15). Capital Q2 monitoring report (Executive 02/12/15).