

Decision Maker: EDUCATION BUDGET SUB-COMMITTEE

Date: 14th January 2016

Decision Type: Non-Urgent Executive Non-Key

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

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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 3.5 changes agreed by the Executive in respect of the Capital Programme for the Education 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.

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: Total increase of £0.8m 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: £77.6m for the Education 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: 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 Education Programme are itemised in the table below and further details are included in paragraphs 3.2 to 3.5. The revised Programme for the Education Portfolio is attached as Appendix A. Appendix B shows actual spend against budget in 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	38,829	28,235	9,283	445	76,792
Beacon House (Executive 09/09/15)	241	0	0	0	241
Basic Need (Executive 09/09/15)	-241	0	0	0	-241
Approved Programme prior to Q2 Monitoring	38,829	28,235	9,283	445	76,792
<u>Variations approved by Executive 02/12/15</u>					
Phoenix Centre - reinstatement of scheme (see para 3.2)	200	0	0	0	200
Formula Devolved Capital Grant - reduction in funding (see para 3.3)	-34	-19	-19	-19	-91
Section 106 receipts from developers (see para. 3.4)	712	0	0	0	712
Schemes rephased from 2015/16 into 2016/17 (See para 3.5)	-5,158	5,158	0	0	0
Total Amendment to the Capital Programme	-4,280	5,139	-19	-19	821
Total Revised Education Programme	34,549	33,374	9,264	426	77,613

3.2 Phoenix Centre (£200k increase in 2015/16)

The Council has an outstanding liability to NHS Property Services of £200k arising from works carried out to the Phoenix Centre in 2006/07. On 10 April 2006, the Executive agreed a proposal to contribute £300k towards the cost of the extension of the Phoenix Centre, in return for additional space at the centre and favourable rental terms. The sum of £208k then remained in the Education Capital Programme until July 2014, when the residual balance was deleted following a review of all old dormant schemes. NHS Property Services has now asked for payment of this outstanding debt, before they can agree to the extension of our lease on the Phoenix Centre. In December 2015, the Executive approved the reinstatement of the Phoenix Centre Scheme back into the Capital Programme.

3.3 Formula Devolved Capital Grant (net reduction of £91k in the four years 2015/16 to 2018/19)

Confirmation has been received from Department for Education on the 2015/16 Formula Devolved Capital Grant (£266k). This is lower than anticipated due to the increasing number of Academy conversions as Academies receive separate devolved capital funding from the Education Funding Agency. The capital programme has been adjusted to reflect an overall reduction of £91k (£34k in 2015/16, £19k 2016/17, £19k in 2017/18 and £19k in 2018/19).

3.4 Section 106 receipts (uncommitted balance) (£712k increase in 2015/16)

In previous years, the Capital Programme budget for Section 106 receipts has been adjusted as and when new spending plans receive approval. In July 2015, the Executive agreed that the Capital Programme budget should, in future, agree with the total of S106 receipts available to fund expenditure. In December 2015 the Executive agreed an increase of £712k in the Capital Programme budget for Section 106 to match the total funding available (from a total approved budget of £2,047k in the July Executive report to £2,759k in the December Executive report). The approved S106 budgets for the Education Capital Programme (after rephasing) are illustrated in the table below.

	Total Approved S106 Budget £000	Actuals upto FY14/15 £000	Budget FY15/16 £000	Budget FY16/17 £000
Basic Need	706	456	250	0
Uncommitted balance (as at Oct 2015)	2,053	0	0	2,053
Education Total	2,759	456	250	2,053

3.5 Schemes re-phased from 2015/16 into 2016/17

As part of the 2nd quarterly monitoring exercise, £5.2m has been re-phased from 2015/16 into 2016/17 to reflect revised estimates of when expenditure on Education schemes is likely to be incurred. This has no overall impact on the programme. Further details and comments are provided in Appendix B.

Capital Expenditure – Re-phasing in Q2 monitoring	2015/16 £000	2016/17 £000
Beacon House Refurbishment	-900	900
Early Education for Two Year Olds	-755	755
Glebe School expansion	-1,450	1,450
S106 – Education	-2,053	2,053
Total Education Programme re-phasing	-5,158	5,158

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 Education 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.

5. FINANCIAL IMPLICATIONS

5.1 These were reported in full to the Executive on 2nd December 2015. Changes agreed by the Executive for the Education 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).