

**Decision Maker:**        **Environment Portfolio Holder**  
**For Pre-Decision Scrutiny by the Environment PDS Committee on**

**Date:**                    **7th June 2016**

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

**Title:**                    **CAPITAL PROGRAMME MONITORING - 3RD QUARTER  
2015/16 & ANNUAL CAPITAL REVIEW 2016 TO 2020**

**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 10th February 2016, the Executive received a report summarising the current position on capital expenditure and receipts following the 3rd quarter of 2015/16 and presenting for approval the new capital schemes in the annual capital review process. The Executive agreed a revised Capital Programme for the five year period 2015/16 to 2019/20. This report highlights changes agreed by the Executive in respect of the Capital Programme for the Environment 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 3.8.

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2. **RECOMMENDATION(S)**

**The Portfolio Holder is asked to note and confirm the changes agreed by the Executive on 10<sup>th</sup> February 2016.**

## 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". 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: Increase of £4.1m, mainly due to 2019/20 annual provision for TfL funded Traffic & Highway schemes (see para 3.8)
  2. Ongoing costs: Not Applicable
  3. Budget head/performance centre: Capital Programme
  4. Total current budget for this head: £29.1m for the Environment Portfolio over five years 2015/16 to 2019/20
  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 on 10<sup>th</sup> February, following a detailed monitoring exercise carried out after the 3<sup>rd</sup> quarter of 2015/16. The Executive also considered and approved new capital schemes in the annual capital review process. This report identifies changes relating to the Environment Portfolio and the table in paragraph 3.2 summarises the overall position following the Executive meeting.

#### Capital Monitoring - variations agreed by the Executive on 10<sup>th</sup> February 2016

3.2 The base position prior to the 3<sup>rd</sup> quarter's monitoring exercise was the revised programme approved by the Executive on 2<sup>nd</sup> December 2015, as amended by variations approved at subsequent Executive meetings. Changes to the Environment Portfolio Programme approved by the Executive in February are shown in the table below and further details are included in paragraphs 3.3 to 3.8. The revised Programme for the Environment Portfolio (including new schemes) is attached as Appendix A and detailed comments on individual schemes are included at Appendix B.

|  | 2015/16      | 2016/17      | 2017/18      | 2018/19      | 2019/20      | TOTAL<br>2015/16 to<br>2019/20 |
|--|--------------|--------------|--------------|--------------|--------------|--------------------------------|
|  | £000         | £000         | £000         | £000         | £000         | £000                           |
| Programme approved by Executive 02/12/15                           | 7,955        | 6,569        | 5,013        | 4,010        | 0            | 23,547                         |
| Beckenham Town Centre Improvement (Full Council 14/12/15)          | 0            | 1,440        | 0            | 0            | 0            | 1,440                          |
| Approved Programme prior to Q3 monitoring                          | 7,955        | 8,009        | 5,013        | 4,010        | 0            | 24,987                         |
| <u>Variations approved by Executive 10/02/16</u>                   |              |              |              |              |              |                                |
| Transport for London (TfL) (see para 3.3)                          | 79           | 0            | 0            | 0            | 0            | 79                             |
| Allocation of Highways Section 106 receipts balance (see para 3.4) |              |              |              |              |              |                                |
| - Gosshill Road  | 0            | 4            | 0            | 0            | 0            | 4                              |
| - Orpington Railway Station  | 0            | 2            | 0            | 0            | 0            | 2                              |
| - Highways Section 106 unallocated balance                         | 0            | -6           | 0            | 0            | 0            | -6                             |
| Deletion of residual balance (see para 3.5)                        |              |              |              |              |              |                                |
| - The Hill Multi-Storey Car Park                                   | -10          | 0            | 0            | 0            | 0            | -10                            |
| - Bromley Town Centre Car Parking capacity                         | -3           | 0            | 0            | 0            | 0            | -3                             |
| Schemes rephased from 2015/16 into 2016/17 (see para 3.6)          | -243         | 243          | 0            | 0            | 0            | 0                              |
| Total Q3 Monitoring variations                                     | -177         | 243          | 0            | 0            | 0            | 66                             |
| New schemes (see para 3.8)   | 0            | 0            | 0            | 0            | 4,010        | 4,010                          |
| <b>Revised Environment Capital Programme</b>                       | <b>7,778</b> | <b>8,252</b> | <b>5,013</b> | <b>4,010</b> | <b>4,010</b> | <b>29,063</b>                  |

#### 3.3 Transport for London (TfL) – Revised Support for Highway Schemes (£79k increase)

Provision for transport schemes to be 100% funded by TfL was originally included in the Capital Programme 2015/16 to 2018/19 on the basis of the bid in our Borough Spending Plan (BSP). Notification of an overall increase of £79k in 2015/16 was reported to the Executive in February and the Capital Programme was increased accordingly. Grant allocations from TfL change frequently and any further variations will be reported in subsequent capital monitoring reports.

### 3.4 Gosshill Road, Orpington Railway Station and Highways Section 106 unallocated balance

In July 2015, the Executive agreed to include the Gosshill Road (£289k) and Orpington Railway Station (£130k) schemes in the Capital Programme. The Gosshill Road project is funded by S106 receipts (£209k) and Transport for London grant (£80k) and the Orpington Railway Station project is funded by S106 receipts (£80k) and Transport for London grant (£50k). In the Capital Programme, there was an unallocated balance of S106 Highways receipts of £6k which relates to the interest on the S106 receipts for these two schemes. In February 2016, Members agreed to allocate the funding to the relevant schemes; £4k to Gosshill Road and £2k to Orpington Railway Station.

### 3.5 Deletion of residual balance (£13k net reduction)

Following the completion of The Hill and Bromley Town Centre Car Parking schemes, Members agreed to delete the residual balance on The Hill Car Park scheme (£10k) and the Bromley Town Centre Car Parking scheme (£3k) from the Capital Programme. The post completion report for these two schemes was submitted to the Environment PDS Committee on 2<sup>nd</sup> February 2016.

### 3.6 Schemes re-phased from 2015/16 into 2016/17

As part of the 3<sup>rd</sup> quarter monitoring exercise, £243k has been rephased from 2015/16 into 2016/17 to reflect revised estimates of when expenditure on Environment 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 Q3 monitoring | 2015/16      | 2016/17    |
|--|--------------|------------|
|  | £000         | £000       |
| Beckenham Town Centre improvements               | -161         | 161        |
| Depots - stand by generators                     | -82          | 82         |
| <b>Total Environment Programme rephasing</b>     | <b>- 243</b> | <b>243</b> |

## **Annual Capital Review – new scheme proposals**

3.7 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 £48.9m (including unapplied capital receipts) as at 31<sup>st</sup> March 2015. Our asset disposal programme has diminished and any new capital spending will effectively have to be met from our remaining revenue reserves.

3.8 As part of the normal annual review of the Capital Programme, Chief Officers 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 regular annual capital bids (Devolved Formula Capital grant to schools, DSG-funded schools access initiative, TfL-funded Highway and Traffic schemes and feasibility studies), no additional bids were submitted. The 2019/20 annual provisions for TfL – Support for Highway schemes (£4m) funded by TfL on the basis of the bid in our Borough Spending Plan (BSP), and feasibility studies (£10k) for potential new schemes were approved and have now been included in the Environment Capital Programme

## Post-Completion Reports

3.9 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 Environment 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 10<sup>th</sup> February 2016. Changes agreed by the Executive for the Environment Portfolio Capital Programme are set out in the table in paragraph 3.2.

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|---|--|
| <b>Non-Applicable Sections:</b>                       | Legal and Personnel Implications   |
| Background Documents:<br>(Access via Contact Officer) | Approved Capital Programme (Executive 02/12/15).<br>Capital Q3 monitoring report (Executive 10/02/16). |