

**Decision Maker:** EDUCATION BUDGET SUB-COMMITTEE

**Date:** 1<sup>st</sup> November 2016

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

**Title:** CAPITAL PROGRAMME MONITORING - 1<sup>ST</sup> QUARTER 2016/17

**Contact Officer:** James Mullender, Principal Accountant  
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**Chief Officer:** Director of Finance

**Ward:** All

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1. Reason for report

On 20<sup>th</sup> July 2016, the Executive received the 1<sup>st</sup> quarterly capital monitoring report for 2016/17 and agreed a revised Capital Programme for the four year period 2016/17 to 2019/20. The report also covered any detailed issues relating to the 2015/16 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 3.6 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, detailed comments on scheme progress as at the end of the first quarter of 2016/17 are shown in Appendix B and details on the 2015/16 outturn are included in Appendix C.

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2. **RECOMMENDATION(S)**

**The Portfolio Holder is asked to note and confirm the changes agreed by the Executive on 20<sup>th</sup> July 2016.**

## Corporate Policy

1. Policy Status: Existing Policy: Capital Programme monitoring 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 £2,112k over the 4 years 2016/17 to 2019/20, mainly due to rephasing of underspend from 2015/16.
  2. Ongoing costs: Not Applicable
  3. Budget head/performance centre: Capital Programme
  4. Total current budget for this head: £49.5m for the Education Portfolio over four years 2016/17 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: 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 Expenditure- variations agreed by the Executive on 20<sup>th</sup> July 2016

3.1 A revised Capital Programme was approved by the Executive in July, following final outturn figures for 2015/16 and a detailed monitoring exercise carried out after the 1<sup>st</sup> quarter of 2016/17. The base position was the revised programme approved by the Executive on 10<sup>th</sup> February 2016, 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 3.6. The revised Programme for the Education Portfolio is attached as Appendix A. Appendix B shows actual spend against budget in the first quarter of 2016/17, together with detailed comments on individual schemes. Appendix C includes details of the final outturn for 2015/16.

	2016/17	2017/18	2018/19	2019/20	TOTAL 2016/17 to 2019/20
	£000	£000	£000	£000	£000
Programme approved by Executive 10/02/16	36,281	9,264	426	426	46,397
Capital Maintenance Grant (Executive 18/05/16)					
- Seed Challenge	100	0	0	0	100
- Security Works	50	0	0	0	50
- Suitability	350	0	0	0	350
- Capital Maintenance in schools	458	0	0	0	458
Virement re. Edgebury School (Executive 18/05/16)					
From: Basic Needs	94	0	0	0	94
To: Capital Maintenance in Schools	-94	0	0	0	-94
Approved Programme prior to Q1 Monitoring	37,239	9,264	426	426	47,355
<u>Variations approved by Executive 20/07/16</u>					
School Access Initiative (see para 3.2)	-150	-150	-150	-150	-600
Basic Need (see para 3.3)	309	0	0	0	309
Section 106 receipts (see para 3.4)	215	0	0	0	215
Net underspendings in 15/16 rephased into 16/17 (see para 3.5)	2,188	0	0	0	2,188
Schemes rephased from 16/17 into 17/18 (see para 3.6)	-18,169	18,169	0	0	0
Total Amendment to the Capital Programme	-15,607	18,019	-150	-150	2,112
<b>Revised Education Capital Programme</b>	<b>21,632</b>	<b>27,283</b>	<b>276</b>	<b>276</b>	<b>49,467</b>

#### 3.2 School Access Initiative (net reduction of £600k in 2016/17 to 2019/20):

As part of the savings required to balance the 2016/17 Schools Budget (DSG), agreed by the Portfolio Holder for Education, the Direct Revenue Financing for Schools Access Initiative has been ceased. Any future funding for this scheme will need to be vired from other schemes e.g. Basic Need. In July, Executive approved a net reduction of £600k (£150k in 2016/17, £150k in 2017/18, £150k in 2018/19 and £150k in 2019/20) in the capital programme.

#### 3.3 Basic Need (£309k increase in 2016/17):

The updated Basic Need Programme was approved by Executive on 23<sup>rd</sup> March 2016. The works at Trinity (Princes Plain) School includes £309k grant funding for Education Funding Agency (EFA) for a multi-use games area (MUGA). In July, Executive agreed the inclusion of £309k in the Capital Programme to reflect the total funding available.

### 3.4 Section 106 receipts from developers (uncommitted balance) (£215k increase in 2016/17):

In July 2015, the Executive agreed that the Capital Programme budget should reflect the total of S106 receipts available to fund expenditure. In July 2016 the Executive agreed an increase of £215k in the Capital Programme budget for Section 106 to match the total funding available (from a balance of £2,586k in the February Executive report to £2,801k in the July Executive report). The approved S106 budgets for the Education Capital Programme are illustrated in the table below.

	Total Approved S106 Budget £000	Actuals upto FY15/16 £000	Budget FY16/17 £000
Basic Need	706	456	250
Uncommitted balance (as at May 2016)	2,551	0	2,551
<b>Education Total</b>	<b>3,257</b>	<b>456</b>	<b>2,801</b>

### 3.5 Net underspend in 2015/16 re-phased into 2016/17:

The 2015/16 Capital Outturn was reported to the Executive on 15<sup>th</sup> June 2016. The final capital outturn for the year for Education Portfolio schemes was £29,727k compared to a revised budget of £31,925k approved by the Executive in February, an underspend of £2,198k. This is mainly due £1,234k underspend on Glebe expansion works. There are a number of factors that have contributed to the delays by the contractor and the responsible officer is monitoring the progress closely and ensuring that the Council is applying any actions available to it under the terms of the contract to minimise any further delays. After allowing for minor adjustments, a total of £2,188k has been re-phased into 2016/17. Details of the 2015/16 outturn for this Portfolio are set out in Appendix C.

### 3.6 Schemes rephased from 2016/17 into 2017/18:

As part of the 1<sup>st</sup> quarter monitoring exercise, £18,169k has been re-phased from 2016/17 into 2017/18 to reflect revised estimates of when expenditure on the Education schemes is likely to be incurred. This is itemised in the table below and comments on scheme progress are provided in Appendix B.

Capital Expenditure – Rephasing in Q1 monitoring	2016/17	2017/18
	£000	£000
Basic Need	-17,688	17,688
Beacon House Refurbishment	-33	33
Early Education for Two Year Olds	-249	249
Glebe School Expansion	-99	99
Seed Challenge Fund	-100	100
<b>Total Education Programme rephasing</b>	<b>-18,169</b>	<b>18,169</b>

## Post-Completion Reports

3.7 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 20<sup>th</sup> July 2016. Changes agreed by the Executive for the Education 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)	Approved Capital Programme (Executive 20/07/16) Capital Outturn report (Executive 15/06/16) Q1 monitoring report (Executive 20/07/16)