

**Decision Maker:** Environment Portfolio Holder

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

**Date:** 7<sup>th</sup> March 2017

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

**Title:** CAPITAL PROGRAMME MONITORING - 3<sup>RD</sup> QUARTER 2016/17  
& ANNUAL CAPITAL REVIEW 2017 TO 2021

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**Chief Officer:** Director of Finance

**Ward:** All Wards

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1. Reason for report

On 8<sup>th</sup> February 2017, the Executive received a report summarising the current position on capital expenditure and receipts following the 3<sup>rd</sup> quarter of 2016/17 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 2016/17 to 2020/21. 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 3.7.

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2. **RECOMMENDATION(S)**

**The Portfolio Holder is asked to note and confirm the changes agreed by the Executive on 8<sup>th</sup> February 2017.**

## 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. 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 £4.0m, mainly due to 2020/21 annual provision for TfL funded Traffic & Highway schemes (see para 3.7)
  2. Ongoing costs: Not Applicable
  3. Budget head/performance centre: Capital Programme
  4. Total current budget for this head: £37.3m for the Environment Portfolio over five years 2016/17 to 2020/21
  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 8<sup>th</sup> February 2017, following a detailed monitoring exercise carried out after the 3<sup>rd</sup> quarter of 2016/17. 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 8<sup>th</sup> February 2017

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 30<sup>th</sup> November 2016, 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 3.7. 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.

	2016/17	2017/18	2018/19	2019/20	2020/21	TOTAL 2016/17 to 2020/21
	£000	£000	£000	£000	£000	£000
Programme approved by Executive 30/11/16	10,423	6,975	4,130	4,010	0	25,538
Highway Investment (Full Council 12/12/16) (see para 3.3)	500	6,000	5,300	0	0	11,800
Approved Programme prior to Q3 monitoring	10,923	12,975	9,430	4,010	0	37,338
<u>Variations approved by Executive 10/02/17</u>						
Transport for London (TfL) (see para 3.4)	-3	0	0	0	0	-3
Schemes rephased from 2016/17 into 2017/18 (see para 3.5)	-1,976	1,976	0	0	0	0
Total Q3 Monitoring variations	-1,979	1,976	0	0	0	-3
New schemes (see para 3.7)	0	0	0	0	4,010	4,010
<b>Revised Environment Capital Programme</b>	<b>8,944</b>	<b>14,951</b>	<b>9,430</b>	<b>4,010</b>	<b>4,010</b>	<b>41,345</b>

#### 3.3 Highway Investment – £11,800k added to capital programme

On 12<sup>th</sup> December 2016, Council agreed the addition of a scheme totalling £11.8m to the capital programme for the investment in planned highway maintenance, to be funded from capital receipts. This scheme will reduce the need for reactive maintenance to the Council's highway assets (e.g. fixing potholes etc.) and should improve value for money and customer satisfaction, and reduce unplanned disruption and insurance claims for damages. The scheme will also enable revenue savings of £2.5m per annum to be made for a period of five years from 2017/18.

#### 3.4 Transport for London (TfL) – Revised Support for Highway Schemes (£3k reduction)

Provision for transport schemes to be 100% funded by TfL was originally included in the Capital Programme 2016/17 to 2019/20 on the basis of the bid in our Borough Spending Plan (BSP). Notification of an overall reduction of £3k in 2016/17 grant has been received from TfL, this was reported to the Executive in February and the Capital Programme was reduced accordingly. Grant allocations from TfL change frequently and any further variations will be reported in subsequent capital monitoring reports.

### 3.5 Schemes re-phased from 2016/17 into 2017/18

As part of the 3<sup>rd</sup> quarter monitoring exercise, £1,976k has been rephased from 2016/17 into 2017/18 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	2016/17	2017/18
	£000	£000
Beckenham Town Centre improvements	-643	643
LIP Formula Funding	-1,024	1,024
Maintenance	-215	215
Bus Stop Improvement Works	-94	94
<b>Total Environment Programme rephasing</b>	<b>- 1,976</b>	<b>1,976</b>

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

- 3.6 In recent years, the Council has steadily scaled down new capital expenditure plans and has transferred all of the rolling maintenance programmes to the revenue budget. General (un-earmarked) reserves, established from the disposal of housing stock and the Glades site, have been gradually spent and have fallen from £131m in 1997 to £49.6m (including unapplied capital receipts) as at 31<sup>st</sup> March 2016. The Council's asset disposal programme has diminished and any new capital spending will effectively have to be met from the Council's remaining revenue reserves
- 3.7 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 (TfL-funded Highway and Traffic schemes and Feasibility Studies), no additional bids were submitted. The 2020/21 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 by Executive on the 8<sup>th</sup> February 2017, and have now been included in the Environment Capital Programme (subject to Council approval on 1<sup>st</sup> March 2017).

### **Post-Completion Reports**

- 3.8 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 8<sup>th</sup> February 2017. Changes agreed by the Executive for the Environment Portfolio Capital Programme are set out in the table in paragraph 3.2.

<b>Non-Applicable Sections:</b>	Legal, Personnel & Procurement Implications, Impact on Vulnerable Adults and Children
Background Documents: (Access via Contact Officer)	Approved Capital Programme (Executive 30/11/16). Capital Q3 monitoring report (Executive 08/02/17).