

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

**Date:** 15<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

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1. Reason for report

- 1.1 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 Education Portfolio. The programme for this portfolio is set out in Appendix A and detailed comments on individual schemes are included at Appendix B.

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2. RECOMMENDATION(S)

- 2.1 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: No overall change over the 5 years 2016/17 to 2020/21.
  2. Ongoing costs: Not Applicable
  3. Budget head/performance centre: Capital Programme
  4. Total current budget for this head: £56.2m for the Education 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: 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

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 Education Portfolio and the table in paragraph 3.2 summarises the overall position following the Executive meeting.

#### Capital Monitoring - agreed by the Executive on 8th 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 Education Portfolio approved by the Executive in February are shown in the table below.

	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	18,634	30,540	276	276	0	49,726
<u>Variations approved by Executive 08/02/17</u>						
Formula Devolved Capital (see para 3.3)	-134	-104	-104	-104	0	-446
Basic Need Programme (see para 3.4)	0	0	6,896	0	0	6,896
Schemes rephased from 2016/17 into 2017/18 (see para 3.5)	-2,433	2,433	0	0	0	0
Total Q3 Monitoring variations	-2,567	2,329	6,792	-104	0	6,450
New schemes (see para 3.7)	0	0	0	0	10	10
<b>Total Education Programme approved by Executive 08/02/17</b>	<b>16,067</b>	<b>32,869</b>	<b>7,068</b>	<b>172</b>	<b>10</b>	<b>56,186</b>

#### 3.3 Formula Devolved Capital (£446k net reduction):

The Formula Devolved Capital scheme is funded by a grant from the Department for Education, which is passed straight on to Council maintained schools. The grant has reduced as schools have converted to academy status, and members have agreed a total reduction of £446k to reflect the revised funding.

#### 3.4 Basic Need Programme (£6,896k increase in 2018/19):

In the Basic Need Capital Programme Report approved by the Executive on 23<sup>rd</sup> March 2016, main works at Castlecombe Primary School were included as a Project in Delivery (Unfunded). The Council has now received additional Basic Need Capital Grant for the period 2018-19 of £6,896k from the DfE and is now in a position to fund these works. Members have agreed the addition of this amount to the Basic Need capital scheme, and noted that an updated Basic Need Capital Programme is due to be reported to the next meeting of the Executive.

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

As part of the 3<sup>rd</sup> quarter monitoring exercise, a total of £2,433k has been rephased from 2016/17 into 2017/18 to reflect revised estimates of when expenditure on Education 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 £000	2017/18 £000
Primary Capital Programme 2.7	-117	117
Seed Challenge Fund	-400	400
Schools Access Initiative	-25	25
Security Works	-130	130
Children and Family Centres	-50	50
Suitability / Modernisation issues in schools	-400	400
Capital maintenance in schools	-265	265
Basic Need	-600	600
Universal free school meals	-15	15
Early Education for Two Year Olds	-361	361
Beacon House Refurbishment	-30	30
Phoenix Centre	-40	40
<b>Total Education Services Programme rephasing</b>	<b>-2,433</b>	<b>2,433</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 31st 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, including Invest to Save bids which were particularly encouraged. No bids for new schemes were received for the Education Portfolio. The 2020/21 annual provision for feasibility studies (£10k) on potential new schemes was approved and has been added to the Capital Programme.

## 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 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. 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. There were no changes to the Education Portfolio Capital Programme as set out in the table in paragraph 3.2 and in Appendix A.

<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).