

Decision Maker: RESOURCES PORTFOLIO HOLDER

Date: For pre-decision scrutiny by the Executive & Resources PDS Committee on 7th September 2017

Decision Type: Non-Urgent Executive Non-Key

Title: CAPITAL PROGRAMME MONITORING - 1ST QUARTER 2017/18

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Chief Officer: Director of Finance

Ward: All Wards

1. Reason for report

On 19th July 2017, the Executive received the 1st quarterly capital monitoring report for 2017/18 and agreed a revised Capital Programme for the four year period 2017/18 to 2020/21. The report also covered any detailed issues relating to the 2016/17 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 3.5 changes agreed by the Executive in respect of the Capital Programme for the Resources 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 2017/18 are shown in Appendix B, and details of the 2016/17 outturn are included in Appendix C.

2. **RECOMMENDATION**

The Portfolio Holder is asked to note and confirm the changes agreed by the Executive on 19th July 2017.

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. 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: Total increase of £0.9m from re-phased 2016/17 underspends (see para. 3.4)
 2. Ongoing costs: Not Applicable
 3. Budget head/performance centre: Capital Programme
 4. Total current budget for this head: £34.4m for the Resources Portfolio over four years 2017/18 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 Monitoring – variations agreed by the Executive on 19th July 2017

3.1 A revised Capital Programme was approved by the Executive in July, following final outturn figures for 2016/17 and a detailed monitoring exercise carried out after the 1st quarter of 2017/18. The base position was the revised programme approved by the Executive on 8th February 2017, as amended by variations approved at subsequent Executive meetings. All changes to schemes in the Resources Portfolio Programme are itemised in the table below and further details are included in paragraphs 3.2 to 3.5. The revised Programme for the Resources Portfolio is attached as Appendix A. Appendix B shows actual spend against budget in the first quarter of 2017/18, together with detailed comments on individual schemes, and Appendix C includes details of the final outturn in 2016/17.

	2017/18	2018/19	2019/20	2020/21	TOTAL 2017/18 to 2020/21
	£000	£000	£000	£000	£000
Programme approved by Executive 08/02/17	23,341	9,180	960	0	33,481
Variations approved at subsequent Executive meetings					
Property Acquisition (Executive 14/03/2017) (£6,236k increase in 2016/17)	0	0	0	0	0
Block provision c/fwd into 2017/18					
- emergency works to surplus sites (Exec 20/06/17) (see para 3.2)	10	0	0	0	10
Approved Programme prior to Q1 Monitoring	23,351	9,180	960	0	33,491
<u>Variations approved by Executive 19/07/17</u>					
Replacement of MD110 telephone switch (see para 3.3)	0	0	0	0	0
Net underspendings in 2016/17 rephased into 2017/18 (see para 3.4)	920	0	0	0	920
Schemes rephased from 2017/18 into future years (see para 3.5)	Cr 4,588	Cr 4,562	8,190	960	0
Total amendments to the Capital Programme in Q1 monitoring	Cr 3,668	Cr 4,562	8,190	960	920
Revised Resources Capital Programme	19,683	4,618	9,150	960	34,411

3.2 Emergency works on surplus sites – carry-forward of underspend in 2016/17

The number of surplus sites/properties being held by the Property Division has increased in recent years, with a consequent increase in management and health and safety costs being incurred prior to disposal. In June, the Executive agreed to carry forward into 2017/18 the 2016/17 underspends of £10k on the capital budget for emergency works to prepare surplus sites for disposal.

3.3 Replacement of MD110 telephone switch (net nil effect)

In February 2012, Members approved a £760k scheme to replace the MD110 telephone switch for old telephony system, which was installed in November 1999 and would not be maintained after March 2015, with a modern VOIP solution. At the time of the bid, there was little to no interest to Video Conferencing. With the introduction of Windows 7, Laptops, and Lync, users are now becoming much more interested in Video Conferencing as a way to keep in touch with staff and to communicate to one another. Large room systems offers greater possibility and flexibility, such as the ability to record and web stream public meetings, or virtual meetings such as the managers briefing. Officers have looked at a couple of solutions, however these were not suitable for large meeting rooms and the council chamber environments, and officers are struggling to find an off the shelf solution that may be able to accommodate this scale. Members have agreed the change in project scope to include an initial feasibility work of up to £15k to assess the options and designs of Video Conferencing to accommodate larger rooms. Should the project proceed then the feasibility work cost will be met from within the remaining budget in the replacement of

MD110 telephone switch scheme; if not, then the feasibility costs will be charged to revenue.

3.4 Net underspend in 2016/17 re-phased into 2017/18:

The 2016/17 Capital Outturn was reported to the Executive on 20th June 2017. The final capital outturn for the year for Resources Portfolio schemes was £27,270k compared to a revised budget of £28,200k approved by the Executive in February (adjusted for the £6.2m further property acquisitions approved by Executive in March 2017). After allowing for underspends that was accounted for in the block provision adjustment set out in paragraph 3.2 (£10k), a total of £920k underspend has been re-phased into 2017/18.

3.5 Schemes re-phased from 2017/18 into future years:

As part of the 1st quarter monitoring exercise, a total of £4,588k has been re-phased from 2017/18, and a further net £4,562k from 2018/19, into future years to reflect revised estimates of when expenditure on Resources 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 Q1 monitoring	2017/18	2018/19	2019/20	2020/21	Total
	£'000	£'000	£'000	£'000	£'000
SharePoint Productivity Platform upgrade/replacement	Cr 1,000	1,000	0	0	0
Civic Centre Development Strategy	Cr 3,588	Cr 5,562	8,190	960	0
Total Resources schemes rephasing	Cr 4,588	Cr 4,562	8,190	960	0

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. These reviews should compare actual expenditure against budget and evaluate the achievement of the scheme's non-financial objectives. Post-completion reports on the following schemes are currently due for the Resources Portfolio before the end of the 2017/18 monitoring cycle:

- Office Accommodation Strategy
- Digital Print Strategy

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 19th July 2017. Changes agreed by the Executive for the Resources Portfolio Capital Programme are set out in paragraph 3.1.

Non-Applicable Sections:	Legal, Personnel and Procurement Implications, Impact on Vulnerable Adults and Children
Background Documents: (Access via Contact Officer)	Approved Capital Programme (Executive 19/07/17) Capital Outturn report (Executive 20/06/17) Q1 monitoring report (Executive 19/07/17)

