

Decision Maker: RESOURCES PORTFOLIO HOLDER

Date: For pre-decision scrutiny by the Executive and Resources PDS
Committee on 21st March 2018

Decision Type: Non-Urgent Executive Non-Key

Title: CAPITAL PROGRAMME MONITORING - 3RD QUARTER 2017/18
& CAPITAL STRATEGY 2018 TO 2022

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

Ward: All

1. Reason for report

On 7th February 2018, the Executive received a report summarising the current position on capital expenditure and receipts following the 3rd quarter of 2017/18 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 2017/18 to 2021/22. This report highlights 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, and detailed comments on individual schemes are included at Appendix B.

2. **RECOMMENDATION(S)**

The Portfolio Holder is asked to note and confirm the changes agreed by the Executive on 7th February 2018.

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".
 2. BBB Priority: Excellent Council
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Financial

1. Cost of proposal: Total increase of £4.6m over the five years 2017/18 to 2021/22, mainly due to the increase to Property Investment Fund following a recent disposal
 2. Ongoing costs: Not Applicable
 3. Budget head/performance centre: Capital Programme
 4. Total current budget for this head: £39.0m for the Resources Portfolio over the five years 2017/18 to 2021/22
 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 Monitoring – variations agreed by the Executive on 7th February 2018

- 3.1 A revised Capital Programme was approved by the Executive on 7th February 2018, following a detailed monitoring exercise carried out after the 3rd quarter of 2017/18. The Executive also considered and approved new capital schemes in the annual capital review process. The base position is the programme approved by the Executive on 6th December 2017, as amended by variations approved at subsequent Executive meetings. This report highlights 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 third quarter of 2017/18 are shown in Appendix B.

	2017/18	2018/19	2019/20	2020/21	2021/22	TOTAL
	£'000	£'000	£'000	£'000	£'000	2017/18 to 2021/22 £'000
Programme approved by Executive 06/12/17	19,107	5,194	9,150	960	0	34,411
<u>Variations approved at subsequent Executive meetings</u>						
Review of Customer Services IT systems (Exec 10/01/18)	Cr 37	480	0	0	0	443
Banbury House demolition/site prep. (Exec 10/01/18)	0	166	0	0	0	166
Approved Programme prior to 3rd Quarter Monitoring	19,070	5,840	9,150	960	0	35,020
<u>Variations approved by Executive 07/02/18</u>						
Increase in Property Investment Fund re disposal (see para 3.2)	0	4,100	0	0	0	4,100
Reduction in Property Investment Fund re lower costs (see para 3.3)	Cr 87	0	0	0	0	Cr 87
Schemes rephased from 2017/18 into 2018/19 (see para 3.4)	Cr 10,411	10,411	0	0	0	0
Total amendments to the Capital Programme	Cr 10,498	14,511	0	0	0	4,013
Total Revised Resources Programme	8,572	20,351	9,150	960	0	39,033

- 3.2 Property Investment Fund scheme to reflect the funding from a recent property disposal (£4,100k increase in 2018/19)

On 7th November 2017, Members agreed a report relating to the disposal of 72-76 High Street Bromley (Metro Bank), and agreed that the sale proceeds of £4.1m be added to the Investment Fund. The property disposal has now been completed and the Executive approved the increase of £4.1m to the Property Investment Fund capital scheme.

- 3.3 Property Investment Fund scheme to reflect lower associated cost with completed acquisitions (£87k reduction in 2017/18)

The Executive also approved a reduction of £87k in 2017/18 on the Property Investment Fund scheme due to lower than expected costs (mainly legal) associated with the completed acquisitions, of which £30k relates to 63 The Walnuts, and £57k Units C2 and C3, Southwood Summit, Farnborough.

- 3.4 Schemes re-phased from 2017/18 into future years

As part of the 3rd quarter monitoring exercise, £10.4m has been re-phased from 2017/18 into 2018/19 to reflect revised estimates of when expenditure on the Resources schemes is likely to be incurred. This has no overall impact on the total approved estimate for the capital programme. Scheme re-phrasings are itemised in the table below and comments on scheme progress are provided in Appendix B.

Capital Expenditure - Rephasing in Q3 Monitoring		2017/18	2018/19	2019/20	2020/21	TOTAL
		£'000	£'000	£'000	£'000	£'000
Civic Centre Development Strategy	Cr	360	360	0	0	0
Upgrade of Core Network Hardware	Cr	50	50	0	0	0
Replacement of Storage Area Networks	Cr	500	500	0	0	0
Rollout of Windows 7 and Office 2000	Cr	75	75	0	0	0
Replacement of MD110 telephone switch	Cr	188	188	0	0	0
SharePoint Productivity Platform upgrade/replacement	Cr	150	150	0	0	0
Windows Server 2003 replacement program	Cr	150	150	0	0	0
Property Investment Fund	Cr	8,938	8,938	0	0	0
Total Resources scheme rephasing	Cr	10,411	10,411	0	0	0

Annual Capital Review – new scheme proposals

- 3.5 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 £44.1m (including unapplied capital receipts) as at 31st March 2017. 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.
- 3.6 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 Resources Portfolio, although it was noted that there may be a bid submitted during the year for an extension to the Upgrade of Core Network Hardware scheme at a cost of around £0.5m.

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 prior 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. 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 (North Block and St Blaise)
 - 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. 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 7th February 2018. Changes agreed by the Executive for the Resources Portfolio Capital Programme are set out in the table in paragraph 3.1.

Non-Applicable Sections:	Legal, Personnel and Procurement Implications, Impact on Vulnerable Adults and Children
Background Documents: (Access via Contact Officer)	Capital Programme Monitoring – 3 rd quarter report (Executive 07/02/18)