

**Decision Maker:** Environment Portfolio Holder

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

**Date:** 15<sup>th</sup> March 2018

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

**Title:** CAPITAL PROGRAMME MONITORING - 3<sup>RD</sup> QUARTER 2017/18  
AND CAPITAL STRATEGY 2018 TO 2022

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**Chief Officer:** Director of Finance

**Ward:** All

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1. Reason for report

On 7<sup>th</sup> February 2018, the Executive received a report summarising the current position on capital expenditure and receipts following the 3<sup>rd</sup> 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 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 7<sup>th</sup> 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 decrease of £3.1m over the five years 2017/18 to 2021/22, mainly due to the reduction to Transport for London funding for Traffic and highways schemes
  2. Ongoing costs: Not Applicable
  3. Budget head/performance centre: Capital Programme
  4. Total current budget for this head: £32.2m for the Environment 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: 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 7<sup>th</sup> February 2018

3.1 A revised Capital Programme was approved by the Executive on 7<sup>th</sup> February 2018, following a detailed monitoring exercise carried out after the 3<sup>rd</sup> 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 6<sup>th</sup> 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 Environment 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 2017/18 to 2021/22
	£'000	£'000	£'000	£'000	£'000	£'000
Programme approved by Executive 06/12/17	16,383	10,936	4,010	4,010	0	35,339
<u>Variations approved by Executive 07/02/18</u>						
Decrease in TfL funding for Highways & Traffic schemes (see para 3.2)	Cr 24	Cr 1,800	Cr 1,800	Cr 1,800	0	Cr 5,424
Depot Standby generators (see para 3.3)	Cr 45	0	0	0	0	Cr 45
Scadbury Park Moated Manor (see para 3.4)	7	148	0	0	0	155
Schemes rephased from 2017/18 into 2018/19 (see para 3.5)	Cr 1,602	1,602	0	0	0	0
New schemes (see para 3.6)	0	0	0	0	2,210	2,210
Total amendments to the Capital Programme	Cr 1,664	Cr 50	Cr 1,800	Cr 1,800	2,210	Cr 3,104
<b>Total Revised Environment Programme</b>	<b>14,719</b>	<b>10,886</b>	<b>2,210</b>	<b>2,210</b>	<b>2,210</b>	<b>32,235</b>

#### 3.2 Transport for London (TfL) – Revised Support for Traffic and Highways Schemes (£5,424k net reduction)

Provision for transport schemes to be 100% funded by TfL was originally included in the Capital Programme 2017/18 to 2020/21 on the basis of the bid in the Borough Spending Plan (BSP). Notification of an overall increase of £338k in the 2017/18 grant has been received from TfL. £362k was added in the second quarter monitoring, so a reduction of £24k in 2017/18 has been included for the third quarter.

In November 2017, TfL published their five-year business plan where TfL stated they are not in a position to offer as much LIPs corridor funding as was indicated in the 2018/19 Annual spending Submission Guidance. The reduction in funding has been applied to each borough based on the current LIP formula. At this current stage, the TfL funding for 2018/19 (excluding Major schemes) is expected to be approximately £2.2m, a reduction of £1.8m compared to the £4m budget in the capital programme. This reduction will also impact on the TfL capital budget for 2019/20 and 2020/21. The Executive agreed the total reduction of £5,424k to the capital programme.

TfL have since notified the Council that they have reinstated the majority of this funding for 2018/19 only, with the main exception of the principal road maintenance allocation. This reinstatement, and any other allocation changes from TfL, will be reported in subsequent capital monitoring reports.

#### 3.3 Deletion of £45k residual balance – Depot Standby generators (£45k reduction in 2017/18)

The Depot Standby generators scheme has now completed. Following the completion of the two heavy duty mobile generators units which enables prompt reaction to electrical power loss with ease of connect to suitably modified power infrastructure points at Central Depot, final

accounts have been taken. The Executive agreed that the residual budget of £45k on the Depot Standby generators scheme be deleted. A post completion report for this scheme was submitted to this Committee on 5<sup>th</sup> October 2017.

### 3.4 Scadbury Park Moated Manor (£155k addition to the capital programme)

The Scadbury Park Moated Manor report that was scrutinised by this Committee on 30<sup>th</sup> January 2018 requested £155k for urgent repairs and stabilisation of brickwork at the Medieval Moated Manor within Scadbury Park Local Nature Reserve. The Executive approved this scheme and it has been added to the Capital Programme.

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

As part of the 3<sup>rd</sup> quarter monitoring exercise, £1,602k has been re-phased from 2017/18 into 2018/19 to reflect revised estimates of when expenditure on the Beckenham Town Centre Improvements scheme is likely to be incurred. This has no overall impact on the total approved estimate for the capital programme.

## **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 £44.1m (including unapplied capital receipts) as at 31<sup>st</sup> 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.

3.7 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. Apart from the regular annual capital bids (TfL funded Highway and Traffic schemes and Feasibility Studies), no additional bids were submitted, although it was noted that there may be a bid submitted during the year for Depot Improvement Works at circa £5.8m, linked to the Environmental Services commissioning programme, which could result in potentially significant capital receipts. The 2021/22 annual provisions for TfL funded Highways and Traffic schemes (£2.2m) and feasibility studies (£10k) 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 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 Environment Portfolio before the end of the 2017/18 monitoring cycle:

- SEELS Street Lighting Project

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 7<sup>th</sup> February 2018. Changes agreed by the Executive for the Environment Portfolio Capital Programme are set out in the table in paragraph 3.1.

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