

Decision Maker: RESOURCES, COMMISSIONING & CONTRACTS
MANAGEMENT PORTFOLIO HOLDER

Date: For pre-decision scrutiny by the Executive, Resources & Contracts PDS
Committee on 19th March 2019

Decision Type: Non-Urgent Executive Non-Key

Title: CAPITAL PROGRAMME MONITORING - 3RD QUARTER 2018/19
& CAPITAL STRATEGY 2019 TO 2023

Contact Officer: Jo-Anne Chang-Rogers, Principal Accountant
Tel: 020 8313 4292 E-mail: jo-anne.chang-rogers@bromley.gov.uk

Chief Officer: Director of Finance

Ward: All

1. Reason for report

On 13th February 2019, the Executive received a report summarising the current position on capital expenditure and receipts following the 3rd quarter of 2018/19, 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 2018/19 to 2022/23. This report highlights changes agreed by the Executive in respect of the Capital Programme for the Resources, Commissioning & Contracts Management Portfolio. The revised programme for this portfolio is set out in Appendix A and detailed comments on individual schemes are shown in Appendix B.

2. **RECOMMENDATION(S)**

The Portfolio Holder is asked to note and confirm the changes agreed by the Executive on 13th February 2019.

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 £115k over the five years 2018/19 to 2022/23, due to the increase of the Carbon Management Programme
 2. Ongoing costs: Not Applicable
 3. Budget head/performance centre: Capital Programme
 4. Total current budget for this head: £37.58m for the Resources, Commissioning & Contracts Management Portfolio over the five years 2018/19 to 2022/23
 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 13th February 2019

3.1 A revised Capital Programme has been submitted for approval to the Executive on 13th February 2019, following a detailed monitoring exercise carried out after the 3rd quarter of 2018/19. The base position is the programme approved by the Executive on 28th November 2018, as amended by variations approved at subsequent Executive meetings. All changes to schemes in the Resources, Commissioning & Contracts Management Portfolio Programme are itemised in the table below and further details are included in paragraphs 3.2 and 3.3. The revised Programme for the Portfolio is attached as Appendix A whilst Appendix B shows actual spend against budget in 2018/19, together with detailed comments on individual scheme progress.

	2018/19	2019/20	2020/21	2021/22	2022/23	TOTAL
	£'000	£'000	£'000	£'000	£'000	2018/19 to 2022/23 £'000
Programme approved by Executive 28/11/18	2,358	33,072	1,689	348	0	37,467
<u>Variations approved by Executive 13/02/19</u>						
Carbon Management Programme (Para 3.3)	0	115	0	0	0	115
Schemes rephased from 2018/19 into 2019/20	Cr 1,517	1,517	0	0	0	0
Total amendments to the Capital Programme	Cr 1,517	1,632	0	0	0	115
Total Revised Resources, Commissioning & Contracts Management Programme	841	34,704	1,689	348	0	37,582

3.2 Schemes re-phased from 2018/19 into future years

As part of the 3rd quarter monitoring exercise, a total of £1,517k has been rephased from 2018/19 into 2019/20 to reflect revised estimates of when expenditure is likely to be incurred. This mainly relates to the IT Transformation scheme, and the Sharepoint Productivity Platform upgrade scheme, where only a small amount of expenditure is expected for the remainder of the year. This has no overall impact on the total approved estimate for the capital programme. Scheme rephasings are itemised in the table below and comments on scheme progress are provided in Appendix B.

Capital Expenditure - Rephasing in Q3 Monitoring	2018/19	2019/20	TOTAL
	£'000	£'000	£'000
Carbon Management Programmes	Cr 5	5	0
Civic Centre Development Strategy	Cr 55	55	0
Emergency Works on Surplus Sites	Cr 100	100	0
Banbury House Demolition Site Preparation	Cr 111	111	0
IT Transformation	Cr 1,000	1,000	0
Sharepoint Productivity Platform upgrade / replacement	Cr 130	130	0
Review of Corporate Customer Services IT Systems	Cr 48	48	0
Upgrade of MS Dynamics CRM System	Cr 68	68	0
Total Resources, Commissioning & Contracts Management Scheme rephasing	Cr 1,517	1,517	0

3.3 Carbon Management Programme – (£115k addition to scheme)

This scheme is 50% funded by SALIX funding, provided by DEFRA, and 50% from the LBB Invest to Save Fund. All remaining projects have completed and outstanding grants in the form of savings made via energy consumption and billing have now been received. The budget will be used in 2019/20 in partnership with the Street Lighting scheme to replace the LED lighting within the Borough.

Annual Capital Review – new scheme proposals

- 3.4 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 £45.7m (including unapplied capital receipts) as at 31st March 2018. 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.
- 3.5 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, Commissioning & Contracts Management Portfolio.

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. 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, Commissioning & Contracts Management Portfolio before the end of the 2019/20 monitoring cycle:

- Upgrade of Core Network Hardware
- Replacement of Storage Area Network
- Rollout of Windows 7 and Office 2000
- Replacement of MD110 telephone switch &
- Windows Server 2003 Replacement Programme

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 13th February 2019. Changes agreed by the Executive for the Resources, Commissioning & Contracts Management 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 Qtr 2 2018/19 (Executive 28/11/18) Capital Programme Monitoring Qtr 3 2018/19 (Executive 13/02/19)