
Decision Maker: EXECUTIVE COUNCIL

Date: Executive Tuesday 21st May 2019
Council Wednesday 22nd May 2019

Decision Type: Non-Urgent Executive Key

Title: CAPITAL PROGRAMME OUTTURN 2018/19

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Chief Officer: Director of Finance

Ward: All

1. Reason for report

- 1.1 This report sets out the final outturn on capital expenditure and receipts for 2018/19. Capital expenditure in the year was £30.9m, compared to the final approved budget of £37.8m, resulting in a total net variation of Cr £6.9m. For funding purposes, £5.0m slippage was assumed in the Quarter 3 capital monitoring report, so there was an overall variation of Cr £1.9m in the use of capital receipts and external and revenue contributions.

2. RECOMMENDATIONS

2.1 The Executive is requested to:

(a) Note the report;

(b) Approve the following amendments to the Capital Programme for 2019/20:

- (i) Increase of £20k to the Housing IT scheme funded from the H-CLIC new burdens grant as detailed in paragraph 3.2.1;
- (ii) Increase of £671k to the MyTime Investment Fund scheme to reflect the final contribution in 2018/19 as detailed in paragraph 3.2.2;
- (iii) Addition of £250k to the Capital Programme for Property Disposals/Feasibility Works as detailed in paragraph 3.2.3;
- (iv) Increase of £81k to the Orpington Town Centre Scheme as detailed in paragraph 3.2.4;

- (v) Reduction of £6k to the Transport for London (TfL) funded Traffic and Highways schemes as detailed in paragraph 3.2.5; and**
- (vi) Deletion of the £32k residual balance on the CCTV Control Room scheme as detailed in paragraph 3.2.6.**
- (c) Recommend that Council approves the increase of £2,153k to the Disabled Facilities Grant scheme to reflect the 2019/20 allocation as detailed in paragraph 3.3.1;**
- (d) Recommend that Council approves the increase of £1,321k to the Housing Unallocated PIL scheme as detailed in paragraph 3.3.2; and**
- (e) Note that a report elsewhere on the agenda requests the addition of £8.4m to the Capital Programme for the provision of housing at Bushell Way and Anerley Town Hall Overflow Car Park.**

2.2 Council is requested to:

- (a) Approve the increase of £2,153k to the Disabled Facilities Grant scheme to reflect the 2019/20 allocation as detailed in paragraph 3.3.1; and**
- (b) Approve the increase of £1,321k to the Housing Unallocated PIL scheme as detailed in paragraph 3.3.2.**

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, the Council reviews its main aims and outcomes through the AMP process and identify those that require the use of capital assets. The 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: Not Applicable: No additional cost.
 2. Ongoing costs: Not Applicable:
 3. Budget head/performance centre: Capital Programme
 4. Total current budget for this head: £37.8m in 2018/19
 5. Source of funding: Capital receipts, external grants/contributions & 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

3.1 Capital Programme Outturn 2018/19

3.1.1 The final capital outturn for the year was £30.9m, compared to the final revised budget of £37.8m. The total net variation is Cr £6.9m, which is primarily due to slippage in Education, Children & Families Portfolio (Cr £2.3m) and Environment & Community Portfolio (Cr £4.9m) as summarised in the table below:

Portfolio	Latest Approved Budget 2018/19 £m	Final Outturn 2018/19 £m	Variation 2018/19 £m
Education, Children & Families Portfolio	13.7	11.4	Cr 2.3
Adult Care & Health Portfolio	0.3	0.3	0.0
Environment & Community Portfolio	12.2	7.3	Cr 4.9
Public Protection & Enforcement Portfolio	0.0	0.0	0.0
Renewal, Recreation & Housing Portfolio	10.8	10.9	0.1
Resources, Commisisoning & Contracts Mgt Portfolio	0.8	1.0	0.2
Latest approved Capital Programme	37.8	30.9	Cr 6.9
Less: further slippage assumed for financing purposes	Cr 5.0	-	5.0
	32.8	30.9	Cr 1.9

3.1.2 These slippages will be re-phased into 2019/20 as shown in Appendix 1. The variations detailed in sections 3.4 to 3.9 have all arisen since the 3rd quarter capital monitoring report.

3.1.3 As set out in the Capital Programme Monitoring (3rd quarter) report to Executive on 13th February 2019, further slippage of £5.0m was assumed for financing purposes, however the significant slippage during the final quarter has resulted in a variation in the overall use of capital receipts, external grants/contributions and revenue contributions of Cr £1.9m.

3.2 Variations requiring the approval of the Executive (£1,016k net increase)

3.2.1 Housing IT Scheme (£20k increase in 2019/20)

On 22nd March 2019, the Ministry of Housing, Communities & Local Government allocated additional new burdens funding of £20k relating to the new Homelessness Case Level Information (H-CLIC) data. Members are requested to approve the increase of £20k, funded from this grant, to the Housing IT scheme budget to cover the costs of the additional software/reporting that was required to meet the data requirements.

3.2.2 Bromley MyTime Investment Fund (£671k increase in 2018/19)

There is an annual provision in the revenue budget for a contribution towards capital investment in the Council's leisure centres managed by MyTime, and the Executive is requested to approve an increase of £671k to the MyTime Investment Fund scheme to reflect the final contribution in 2018/19, which will result in a total contribution of £4,439k.

3.2.3 Property Disposals/Feasibility work scheme (£250k addition in 2019/20)

The Executive previously agreed to the setting up of an earmarked reserve with an initial allocation of £250k for property disposal/feasibility work to be undertaken on various sites, either currently or yet to be identified, and it is requested that this be added to the Capital Programme.

Where allowable, expenditure that is attributable to the disposal of Council properties will be funded from the related capital receipts which will reduce the draw on the earmarked reserve. Any identified re-development opportunities will be subject to a capital appraisal process and a report will be submitted to the Executive, or Council as appropriate, requesting approval for the scheme to be added to the Capital Programme. Where a scheme progresses, applicable feasibility costs will be capitalised where possible.

3.2.4 Orpington Town Centre scheme (£81k increase in 2019/20)

Executive are requested to approve an increase of £81k to the Orpington Town Centre scheme to reflect the final payment of Section 106 contributions relating to the Orpington Police Station development.

3.2.5 Transport for London (TfL) – Revised support for Highways and Traffic Schemes (£6k decrease in 2019/20)

Provision for transport schemes to be 100% funded by TfL was originally included in the Capital Programme 2018/19 to 2020/21 on the basis of the bid in the Borough Spending Plan (BSP). A decrease to the budget for 2019/20 of £6k is requested to reflect the revised allocations. TfL budgets change frequently and any further variations will be reported in subsequent capital monitoring reports.

3.2.6 CCTV Control Room scheme (£32k deletion)

The CCTV Control room refurbishment project completed in 2016/17. The final retention sum for the contract has now been paid and Members are requested to agree that the residual balance of £32k is removed from the Capital Programme.

3.3 Variations requiring the approval of Council (£3,474k increase)

3.3.1 Disabled Facilities Grant scheme (£2,153k increase in 2019/20)

The Disabled Facilities Grant (DFG) is provided for the provision of adaptations to disabled people's homes to help them to live as independently and safely as possible. The capital allocation for 2019/20 totals £2,153k. The funding will enable additional schemes to provide physical improvements to clients' home environments and to assist with creating safer and healthier homes, and reduce admissions to hospital. Council is requested to agree the addition of £2,153k to the DFG capital scheme to reflect this grant allocation.

3.3.2 Housing Unallocated PIL scheme (£1,321k increase in 2019/20)

In July 2015, the Executive agreed that the Capital Programme budget should reflect the total of Section 106 receipts available to fund expenditure. An additional £1,321k S106 funding has been received for Housing use, and Council is requested to agree the increase of £1,321k to the Housing unallocated PIL scheme.

3.4 Education, Children & Families Portfolio

3.4.1 The slippage for Education, Children & Families Portfolio which has occurred since the third quarter monitoring is £2.3m against a total budget of £13.7m. This is mainly due to £1.0m on the Basic Need Programme, where there were delays due to procurement issues on the Leeson's scheme.

3.4.2 In addition, the £0.4m for retention and final accounts at Glebe is still to be agreed and £0.6m on Capital Maintenance works will now be undertaken during summer holiday periods so as to cause the least amount of disruption to classes. All variations have been re-phased into 2019/20.

3.5 Adult Care & Health Portfolio

3.5.1 The variation for Adult Care & Health Portfolio schemes is zero against a budget of £0.3m. This is due to the Social Care Grant overspending by £0.1m although this is offset by underspend of £0.1m on various other schemes.

3.6 Environment & Community Portfolio

3.6.1 There was overall slippage of £4.9m since the third quarter monitoring on schemes in the Environment & Community Portfolio compared to a total portfolio budget of £12.2m. This was mainly due to slippage of £1.6m on the Highways Investment scheme which was in part due to delay in design work being signed off, and £0.4m on the Beckenham Town Centre Improvements scheme.

3.6.2 There was also slippage of £1.5m on the LIP Formula Funding scheme due to delays in design works being agreed as well as works then being planned for quieter periods so as to affect motorists as little as possible. In addition, there was slippage of £0.4m slippage on the TfL funded Maintenance scheme. Slippage on other schemes totalled a further £0.7m.

3.7 Public Protection & Enforcement Portfolio

3.7.1 There was no variation on the capital scheme in the Public Protection & Enforcement Portfolio.

3.8 Renewal, Recreation & Housing Portfolio

3.8.1 There was a net variation of Dr £0.1m on the capital schemes in the Renewal, Recreation & Housing Portfolio from a total portfolio budget of £10.8m. This comprised of accelerated spend on the Biggin Hill Memorial Museum scheme (£0.4m), partly offset by a few minor slippages on other schemes.

3.9 Resources, Commissioning & Contracts Management Portfolio

3.9.1 There was an overall variation of Dr £0.2m on schemes in the Resources, Commissioning & Contracts Management portfolio compared to a total portfolio budget of £0.8m. This is mainly due to accelerated spend on the Banbury House demolition/site preparation.

3.10 Block Capital Provisions

3.10.1 The outturn position for 2018/19 block capital provisions is shown in the table below:

	Budget 2018/19 £'000	Actuals 2018/19 £'000	Variance 2018/19 £'000
Resources, Commissioning & Contracts Management			
Emergency Works on Surplus Sites	24	0 Cr	24
Adult Care and Health			
Disabled Facilities Grants - DFG	1,254	1,247 Cr	7
Total	1,278	1,247 Cr	31

3.11 Financing of the Capital Programme

3.11.1 The financing of 2018/19 capital expenditure is compared below with the estimates reported in the third quarter capital monitoring:

Source of Finance	Budget £m	Actuals £m	Variation £m
Final approved budget	37.8		
Less - assumed slippage for financing purposes	Cr 5.0		
Total Capital Expenditure (net of slippage)	32.8	30.9	Cr 1.9
Financed By			
Usable Receipts	5.4	8.9	3.5
Revenue Contributions	4.2	3.1	Cr 1.1
Government Grants	12.9	11.2	Cr 1.7
Other Contributions	10.3	7.7	Cr 2.6
Total	32.8	30.9	Cr 1.9

3.11.2 During 2018/19, capital monitoring reports have been considered by the Executive on a quarterly basis, in July 2018, November 2018 and February 2019, and reported changes have been incorporated in revised approved Capital Programmes. These have similarly been reported quarterly to individual PDS Committees. For information, Appendix 2 provides a comparison between the latest approved budget and the original approved budget for the year (agreed in February 2018).

3.12 Capital Receipts

3.12.1 Under the “prudential” capital system in operation from 1st April 2004, most capital receipts are “usable” and may be applied to finance capital expenditure. The final outturn in 2018/19 for new capital receipts from asset disposals was £12.6m, and was lower than the estimated figure reported to the Executive in February 2019 (£14.9m), mainly due to Anerley Town Hall Car Park now being earmarked for housing use rather than for disposal.

3.12.2 The table below provides a breakdown of the unapplied capital receipts totalling £29.3m that will be carried forward to finance expenditure in 2019/20 and later years. £8.9m was applied for financing capital expenditure during 2018/19 as revenue contributions, external and other contributions covered the majority of the total capital expenditure. As has been the case for the last fifteen years, no contribution from the General Fund was required in 2018/19. To date, £20.3m of capital receipts have been earmarked to supplement the Investment Fund for the purchase of investment properties, of which £4.5m has been utilised to date, leaving £15.8m, so a total of £13.5m remains available to finance capital expenditure in future years.

	Usable Receipts £m
Unapplied Balance b/f April 2018	25.7
Total Receipts during 2018/19	12.5
Receipts applied to finance expenditure	Cr 8.9
Unapplied Balance c/f as at 31 March 2019	29.3
Receipts earmarked for Investment Properties	Cr 15.8
Balance available to fund future expenditure	13.5

3.13 Section 106 Receipts

3.13.1 In addition to capital receipts, the Council is holding a significant sum in respect of Section 106 capital contributions received from developers in recent years. These are made to the Council as a result of the granting of planning permission and are restricted to being spent on capital works in accordance with the terms of agreements reached between the Council and the developers. Section 106 receipts are held as a receipt in advance on the Council's balance sheet, the balance of which increased from £6,583k as at 31st March 2018 to £8,350k as at 31st March 2019, as fewer receipts were used to finance actual capital expenditure than those that

were received. The remaining balance will be used to finance capital expenditure from 2019/20 onwards. Balances and in-year movements are shown in the following table.

Agreed Service Area	Balance b/f 01/04/18 £'000	Receipts 2018/19 £'000	Expenditure 2018/19 £'000	Balance c/f 31/03/19 £'000
Housing Provision	3,104	1,393	987	3,510
Education	3,311	1,629	2,189	2,751
Highways	82	1	0	83
Local Economy	0	2,164	158	2,006
Community Facilities	86	0	86	0
Total	6,583	5,187	3,420	8,350

3.14 Investment Fund and Growth Fund

3.14.1 To help support the achievement of sustainable savings and income, the Council has set aside funding in the Investment Fund earmarked reserve (formerly known as the Economic Development and Investment Fund) to contribute towards the Council's economic development and investment opportunities. To date, total funding of £84.5m has been placed in the Investment Fund earmarked reserve, with a further £20.3m of capital receipts earmarked to supplement this, and £39.2m placed in the Growth Fund earmarked reserve.

3.14.2 Appendix 3 provides a detailed analysis of the Funds dating back to their inception in September 2011. To date schemes totalling £114.5m have been approved (£85.5m on Investment Fund, and £29.0m on Growth Fund), and the uncommitted balances as at end of March 2019 stand at £19.3m for the Investment Fund and £10.1m for the Growth Fund

4. POLICY IMPLICATIONS

4.1 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 is a crucial corporate activity if a local authority is to achieve its corporate and service aims and objectives and deliver its services. The primary concern is to ensure that capital investment provides value for money and matches the Council's overall priorities as set out in "Building a Better Bromley".

5. FINANCIAL IMPLICATIONS

5.1 There was no requirement for a General Fund contribution to finance capital expenditure in 2018/19, although there were earmarked revenue contributions totalling £3.1m towards the cost of specific capital schemes, mainly from the Growth Fund for Bromley High Street Improvements (£1.1m) and Site G related acquisitions (£0.8m), as well as the MyTime Investment Fund contribution (£0.7m). The provisional revenue outturn is reported elsewhere on the agenda.

5.2 Capital receipts totalling £29.3m were available as at 31st March 2019 to finance future capital spending priorities compared to an estimate of £35.2m in February. This is mainly due to a lower level of capital receipts received during the year than anticipated, as well as an increase in the use of receipts for capital financing. Capital grants and contributions totalling £31.0m and Section 106 receipts of £8.4m also remain available to finance future capital spend.

5.3 Post-completion reports on capital schemes have been (and will continue to be) submitted to PDS Committees within 12 months of completion. A revised Capital Programme and capital financing statement will be included in the next quarterly monitoring report to be considered at the July meeting of the Executive.

Non-Applicable Sections:	Legal, Personnel & Procurement Implications, Impact on Vulnerable Adults and Children
Background Documents: (Access via Contact Officer)	Provisional Final Accounts 2018/19, Executive 21 st May 2019; Capital Programme Monitoring Q3 2018/19 & Capital Strategy 2019 to 2023, Executive 13 th February 2019; Capital Programme Monitoring Q3 2017/18 & Annual Capital Review 2018 to 2022, Executive 7 th February 2018.