

**Decision Maker:** EXECUTIVE, RESOURCES & CONTRACTS PORTFOLIO HOLDER

**Date:** For pre-decision scrutiny by the Executive, Resources & Contracts PDS Committee on 26<sup>th</sup> March 2020

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

**Title:** CAPITAL PROGRAMME MONITORING - 3<sup>RD</sup> QUARTER 2019/20 & CAPITAL STRATEGY 2020 TO 2024

**Contact Officer:** Katherine Ball, Principal Accountant  
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**Chief Officer:** Director of Finance

**Ward:** All

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1. Reason for report

On 12<sup>th</sup> February 2020, the Executive received a report summarising the current position on capital expenditure and receipts following the 3<sup>rd</sup> quarter of 2019/20, 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 2019/20 to 2023/24. This report highlights changes agreed by the Executive in respect of the Capital Programme for the Executive, Resources & Contracts Portfolio. The revised programme for this portfolio is set out in Appendix A and detailed comments on individual schemes are shown in Appendix B and the new schemes approved for this Portfolio are set out in paragraphs 3.3 to 3.5, subject to agreement at Full Council on 24<sup>th</sup> February 2020.

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2. **RECOMMENDATION**

**The Portfolio Holder is asked to note and confirm the changes agreed by the Executive on 12<sup>th</sup> February 2020.**

## Impact on Vulnerable Adults and Children:

1. Summary of Impact:

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### 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 £1.75m over the five years 2019/20 to 2023/24 due to the approval of a new capital scheme
2. Ongoing costs: Not Applicable
3. Budget head/performance centre: Capital Programme
4. Total current budget for this head: £39m for the Executive, Resources & Contracts Portfolio over the five years 2019/20 to 2023/24
5. Source of funding: Capital grants, capital receipts and earmarked revenue contributions

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### Personnel

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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### Procurement:

1. Summary of Procurement Implications:

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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 12<sup>th</sup> February 2020

- 3.1 A revised Capital Programme was approved by the Executive on 12<sup>th</sup> February 2020, following a detailed monitoring exercise carried out after the 3<sup>rd</sup> quarter of 2019/20. The base position is the programme approved by the Executive on 27<sup>th</sup> November 2019, as amended by variations approved at subsequent Executive meetings. All changes to schemes in the Executive, Resources & Contracts 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 Portfolio is attached as Appendix A whilst Appendix B shows actual spend against budget in 2019/20, together with detailed comments on individual scheme progress.

	2019/20	2020/21	2021/22	2022/23	2023/24	TOTAL 2019/20 to 2023/24
	£'000	£'000	£'000	£'000	£'000	£'000
Programme approved by Executive 27/11/19	4,981	3,862	12,376	16,000	0	37,219
<u>Variations approved by Executive 12/02/20</u>						
Schemes rephased from 2019/20 into future years (see para 3.2)	Cr 1,021	521	500	0	0	0
New schemes (see para 3.5)	0	935	815	0	0	1,750
Total amendments to the Capital Programme	Cr 1,021	1,456	1,315	0	0	1,750
<b>Total Revised Executive, Resources &amp; Contracts Programme</b>	<b>3,960</b>	<b>5,318</b>	<b>13,691</b>	<b>16,000</b>	<b>0</b>	<b>38,969</b>

#### 3.2 Schemes re-phased from 2019/20 into future years

As part of the 3<sup>rd</sup> quarter monitoring exercise, a total of £1,021k has been re-phased from 2019/20 into future years 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. This has no overall impact on the total approved estimate for the capital programme. Scheme re-phasings are itemised in the table below and comments on scheme progress are provided in Appendix B.

Capital Expenditure - Rephasing in Q3 Monitoring	2019/20	2020/21	2021/22	TOTAL
	£'000	£'000	£'000	£'000
IT Transformation	Cr 215	215	0	0
Sharepoint Productivity Platform upgrade / replacement	Cr 756	256	500	0
Review of Corporate Customer Services IT Systems	Cr 50	50	0	0
<b>Total Executive, Resources &amp; Contracts Scheme rephasing</b>	<b>Cr 1,021</b>	<b>521</b>	<b>500</b>	<b>0</b>

#### Annual Capital Review – new scheme proposals

- 3.3 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 £49.3m (including unapplied capital receipts) as at 31st March 2019. 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.
- 3.4 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. One bid was received for the Executive, Resources, & Contracts Management Portfolio, as detailed below.

### 3.5. Financial Systems Replacement - £1,750k

This scheme will procure and implement a new Financial System to replace the existing Oracle E-Business Suite R12, and in-house developed budget monitoring systems (EBM and FBM). As a result the Council will have a fully supported, more flexible financial system, increased resilience by removing the reliance on and risks of using the Council's on-premises data centre, support for a separate reporting entity for the Pension Fund, and the ability to accept and process electronic invoices from suppliers. No external funding has been identified for this programme, therefore the Council's own resources will need to be used to finance the scheme.

### **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 Executive, Resources & Contracts Portfolio:

- 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
- Performance Management/ Children's Services Information Technology
- Carbon Management Programme (Invest to Save funding)
- Banbury House Demolition/Site Prep
- Review of Corporate Customer Services IT System
- Upgrade of MS Dynamics CRM System

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 12<sup>th</sup> February 2020. Changes agreed by the Executive for the Executive, Resources & Contracts 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 Qtr 2 2019/20 (Executive 27/11/19) Capital Programme Monitoring Qtr 3 2019/20 (Executive 12/02/20)