

Decision Maker: EXECUTIVE, RESOURCES & CONTRACTS PORTFOLIO HOLDER

Date: For pre-decision scrutiny by the Executive, Resources & Contracts PDS Committee on 24th March 2021

Decision Type: Non-Urgent Executive Non-Key

Title: CAPITAL PROGRAMME MONITORING - 3RD QUARTER 2020/21 & CAPITAL STRATEGY 2021 TO 2025

Contact Officer: Katherine Ball, Principal Accountant
Tel: 020 8313 4792 E-mail: Katherine.Ball@bromley.gov.uk

Chief Officer: Director of Finance

Ward: All

1. Reason for report

On 10th February 2021, the Executive received a report summarising the current position on capital expenditure and receipts following the 3rd quarter of 2020/21 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 2020/21 to 2024/25. 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 3.2 to 3.7.

2. **RECOMMENDATION**

The Portfolio Holder is asked to note and acknowledge the changes agreed by the Executive on 10th February 2021.

Impact on Vulnerable Adults and Children:

1. Summary of Impact:

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

Financial

1. Cost of proposal: Total increase of £3.2m over the five years 2020/21 to 2024/25 due to the approval of a new capital schemes
2. Ongoing costs: Not Applicable
3. Budget head/performance centre: Capital Programme
4. Total current budget for this head: £41.8m for the Executive, Resources & Contracts Portfolio over the five years 2020/21 to 2024/25
5. Source of funding: Capital grants, capital receipts and earmarked revenue contributions

Personnel

1. Number of staff (current and additional): 1 fte
2. If from existing staff resources, number of staff hours: 36 hours per week

Legal

1. Legal Requirement: Non-Statutory - Government Guidance
2. Call-in: Applicable

Procurement:

1. Summary of Procurement Implications:

Customer Impact

1. Estimated number of users/beneficiaries (current and projected): N/A

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 10th February 2021

- 3.1 A revised Capital Programme was approved by the Executive on 10th February 2021, following a detailed monitoring exercise carried out after the 3rd quarter of 2020/21. The base position is the programme approved by the Leader in November 2020, 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 3.7. The revised Programme for the Portfolio is attached as Appendix A whilst Appendix B shows actual spend against budget in 2020/21, together with detailed comments on individual scheme progress.

	2020/21	2021/22	2022/23	2023/24	2024/25	TOTAL 2020/21 to 2024/25
	£'000	£'000	£'000	£'000	£'000	£'000
Programme approved by Leader November 20	4,762	17,884	16,000	0	0	38,646
Variations approved by Executive 10/02/21						
Decrease in Financial System Replacement scheme (para 3.2)	Cr 200	0	0	0	0	Cr 200
Schemes rephased from 2020/21 into future years (see para 3.3)	Cr 560	Cr 48	329	279	0	0
New schemes (see para 3.6 & 3.7)	0	2,485	875	0	0	3,360
Total amendments to the Capital Programme	Cr 760	2,437	1,204	279	0	3,160
Total Revised Executive, Resources & Contracts Programme	4,002	20,321	17,204	279	0	41,806

3.2 Decrease the Financial System Replacement Capital Scheme (£200k net decrease)

At the Executive, Resources and Contracts Policy Development and Scrutiny Committee meeting in November, the Leader agreed that the capital budget for a replacement financial system capital scheme, would be reduced by £200k to reflect an anticipated reduction in the required spend.

3.3 Schemes re-phased from 2020/21 into future years

As part of the 3rd quarter monitoring exercise, a total of £560k has been re-phased from 2020/21 into future years to reflect revised estimates of when expenditure is likely to be incurred. This relates to the Customer Service IT System Replacement scheme, and the Financial System Replacement 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	2020/21	2021/22	2022/23	2023/24	TOTAL
	£'000	£'000	£'000	£'000	£'000
Financial Systems Replacement	Cr 95	45	50	0	0
Customer Services IT System Replacement	Cr 465	Cr 93	279	279	0
Total Executive, Resources & Contracts Scheme rephasing	Cr 560	Cr 48	329	279	0

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 £44.4m (including unapplied capital receipts) as at 31st March 2020. 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. Two bids were received for the Executive, Resources, & Contracts Management Portfolio, as detailed below.

3.6 HR/Payroll Systems Replacement - £1,650k

This capital estimate will cover the cost to procure and implement a new integrated HR/Payroll System to replace the existing Resourcelink, HR Self Service System & Reporting Functionality. The current HR/Payroll software and support contract ends in June 2023 however to allow for time for parallel run testing of payroll results in new software, any new system needs to be ready for January 2023. No external funding has been identified for this programme, and therefore the Council's own resources will need to be used. The provisional sum of £1,650k has been set aside in the capital programme for planning purposes, however the release of these monies will be subject to a future report to the Executive for approval of the final scheme.

3.7 Civic Centre Improvement -£1,710k

This capital estimate will cover essential works to the building fabric to ensure continued enjoyment of the accommodation. Roofing, windows and pavements are essential to ensure the continued smooth operation of the Civic Centre for staff and visitors and fire detection and prevention works will ensure continued safety. No external funding has been identified for this programme, and therefore the Council's own resources will need to be used to finance the scheme. The provisional sum of £1,710k has been set aside in the capital programme for planning purposes, however the release of these monies will be subject to a future report to the Executive for approval of the final scheme.

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 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 10th February 2021. Changes agreed by the Executive for the Executive, Resources & Contracts 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 2020/21 (Leader 18/11/20) Capital Programme Monitoring Qtr 3 2020/21 (Executive 10/02/21)