
Decision Maker: Executive
Council

Date: Executive June 30th 2021
Council July 12th 2021

Decision Type: Non-Urgent Executive Key

Title: CAPITAL PROGRAMME OUTTURN 2020/21

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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 2020/21. Capital expenditure in the year was £19.7m, compared to the final approved budget of £46.0m, resulting in a total net variation of Cr £26.3m. For funding purposes, £15.0m slippage was assumed in the Quarter 3 capital monitoring report, so there was an overall variation of Cr £11.3m 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 amendment to the Capital Programme for 2021/22:

(i) Approve an increase of £2,443k to the Disabled Facilities Grant scheme to reflect the 2020/21 allocation as detailed in paragraph 3.2.1;

2.2 **Council is requested to:**

(b) Approve the increase of £2,443k to the Disabled Facilities Grant scheme to reflect the 2020/21 allocation as detailed in paragraph 3.2.1;

Impact on Vulnerable Adults and Children:

1. Summary of Impact: None arising from this report.

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:

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: £46.0m in 2020/21
5. Source of funding: Capital receipts, external grants/contributions & 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: None arising from this report.

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

3.1 Capital Programme Outturn 2020/21

3.1.1 The final capital outturn for the year was £19.7m, compared to the final revised budget of £46.0m. The total net variation is Cr £26.3m, which is primarily due to slippage in the Renewal, Recreation & Housing Portfolio (Cr £17.3m) and the Children, Education & Families Portfolio (Cr £4.0m) as summarised in the table below:

| Portfolio | Latest | Final | Variation | |
|---|-------------------------|-----------------|-----------|-------------|
| | Approved Budget 2020/21 | Outturn 2020/21 | 2020/21 | |
| | £m | £m | £m | |
| Children, Education & Families Portfolio | 9.8 | 5.8 | Cr | 4.0 |
| Adult Care & Health Portfolio | 0.1 | 0.0 | Cr | 0.1 |
| Environment & Community Services Portfolio | 11.8 | 8.1 | Cr | 3.7 |
| Renewal, Recreation & Housing Portfolio | 20.3 | 3.0 | Cr | 17.3 |
| Executive, Resources & Contracts Portfolio | 4.0 | 2.8 | Cr | 1.2 |
| Latest approved Capital Programme | 46.0 | 19.7 | Cr | 26.3 |
| Less: further slippage assumed for financing purposes | Cr 15.0 | - | | 15.0 |
| | 31.0 | 19.7 | Cr | 11.3 |

3.1.2 These slippages will be re-phased into 2021/22 as shown in Appendix 1.

3.1.3 As set out in the Capital Programme Monitoring (3rd quarter) report to the Executive on 10th February 2021, further slippage of £15.0m 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 £11.3m.

3.2 Variation requiring approval (£2,443 net increase)

3.2.1 Disabled Facilities Grant scheme (£2,443k increase in 2021/22)

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 2021/22 totals £2,443k. 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. The Executive is requested to agree the addition of £2,443k to the DFG capital scheme to reflect this grant allocation.

3.3 Children, Education & Families Portfolio

3.3.1 The slippage for Education, Children & Families Portfolio is £4m against a total budget of £9.8m. This is mainly due to £1.0m of slippage on the Capital Maintenance in Schools scheme. The Capital Maintenance programme underspent because the £909k contribution towards the Marjorie McClure project being delivered by the DfE as agreed by the Executive on 1 April 2020 has not yet been requested by the DfE. The Capital Programme in previous quarters had re-profiled Basic Need funding into 2021/22 due to an anticipated in-year underspend. Although the Basic Need programme did underspend compared to the start year 2020/21 budget the underspend was slightly lower than projected. All variations have been re-phased into 2021/22.

3.4 Adult Care & Health Portfolio

3.4.1 The variation for Adult Care & Health Portfolio schemes was Dr £0.1m against a budget of £0.1m.

3.5 Environment & Community Services Portfolio

3.5.1 There was overall slippage of £3.6m on schemes in the Environment & Community Services Portfolio compared to a total portfolio budget of £11.7m. There was slippage of £1.2m on the Depot Improvement works scheme due extensive surveys (influencing the whole design) and the Environment Agency's late release of guidance regarding requirements to enclose the Waste Transfer Stations have been the primary causes for delay and resultant lower costs with regard to design and construction. There was also slippage of £0.6m on the LIP Formula Funding scheme due to delays in design works being agreed as well as works then being planned for quieter periods to affect motorists as little as possible. Slippage on other schemes totalled a further £1.7m.

3.6 Renewal, Recreation & Housing Portfolio

3.6.1 There was net slippage of £17.4m on the capital schemes in the Renewal, Recreation & Housing Portfolio from a total portfolio budget of £20.4m, mainly due to total slippage of £9.5m on the York Rise, Burnt Ash Lane & Anerley & Chislehurst housing schemes due to scheme delays including change of contractor and time scales relating to planning process. These variations have been re-phased into 2021/22. Due to Covid there was also slippage of £0.9m on the Bromley High Street Improvements scheme, as the project progressed more slowly than originally anticipated and the contract with the consultants was terminated in May 2021 with £101k spent. There was also slippage of £1.0m on the Chislehurst Library Replacement scheme, £0.8m on the Disabled Facilities Grant scheme, £0.6m on the Replacement of District Heating scheme and £0.6m on the West Wickham Leisure Centre scheme.

3.7 Executive, Resources & Contracts Portfolio

3.7.1 There was overall slippage of £1.2m on schemes in the Executive, Resources & Contracts portfolio compared to a total portfolio budget of £4m. There was slippage of £0.9m on the IT Transformation scheme, and £0.8m on the Civic Centre Development Strategy, offset by offset by accelerated expenditure on the Social Care Case Management scheme.

3.8 Block Capital Provisions

3.8.1 The outturn position for 2020/21 block capital provisions is shown in the table below:

| | Budget 2020/21 £'000 | Actuals 2020/21 £'000 | Variance 2020/21 £'000 |
|--|----------------------------|-----------------------------|------------------------------|
| Resources, Commissioning & Contracts Management | | | |
| Emergency Works on Surplus Sites | 106 | 30 Cr | 76 |
| Adult Care and Health | | | |
| Disabled Facilities Grants - DFG | 1,890 | 1,050 Cr | 840 |
| Total | 1,996 | 1,080 Cr | 916 |

3.9 Financing of the Capital Programme

3.9.1 The financing of 2020/21 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 | 46.0 | | |
| Less - assumed slippage for financing purposes | Cr 15.0 | | |
| Total Capital Expenditure (net of slippage) | 31.0 | 19.7 | Cr 11.3 |
| Financed By | | | |
| Usable Receipts | 1.4 | 1.1 | Cr 0.3 |
| Revenue Contributions | 8.3 | 5.1 | Cr 3.2 |
| Government Grants | 11.1 | 8.4 | Cr 2.7 |
| Other Contributions | 10.3 | 5.1 | Cr 5.2 |
| Total | 31.1 | 19.7 | Cr 11.4 |

3.9.2 During 2020/21, capital monitoring reports have been considered by the Executive on a quarterly basis, in July 2020, November 2020 and February 2021, 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 2020).

3.10 Capital Receipts

3.10.1 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 2020/21 for new capital receipts from asset disposals was £1.9m and was lower than the estimated figure reported to the Executive in February 2021 (£3.9m).

3.10.2 The table below provides a breakdown of the unapplied capital receipts totalling £25.2m that will be carried forward to finance expenditure in 2021/22 and later years. £1.1m was applied for financing capital expenditure during 2020/21 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 2020/21. To date, £20.3m of capital receipts have been earmarked to supplement the Investment Fund for the purchase of investment properties, of which £4.4m has been utilised to date, leaving £15.9m, so a total of £9.3m remains available to finance capital expenditure in future years.

| | Usable Receipts £m |
|---|--------------------------|
| Unapplied Balance b/f April 2020 | 24.4 |
| Total Receipts during 2020/21 | 1.9 |
| Receipts applied to finance expenditure | Cr 1.1 |
| Unapplied Balance c/f as at 31 March 2021 | 25.2 |
| Receipts earmarked for Investment Properties | Cr 15.9 |
| Balance available to fund future expenditure | 9.3 |

3.11 Section 106 Receipts

3.11.1 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 decreased from £8,382k as at 31st March 2020 to £7,245k as at 31st March 2021, as more receipts were used to finance actual capital expenditure than those that were received. The remaining balance will be used to finance capital expenditure from 2021/22 onwards. Balances and in-year movements are shown in the following table.

| Agreed Service Area | Balance b/f 01/04/20 £'000 | Receipts 2020/21 £'000 | Expenditure 2020/21 £'000 | Balance c/f 31/03/21 £'000 |
|----------------------------|---|---------------------------------------|--|---|
| Housing Provision | 3,407 | 2 | 997 | 2,412 |
| Education | 4,037 | 138 | 30 | 4,145 |
| Highways | 0 | 0 | 0 | 0 |
| Local Economy | 932 | 1 | 247 | 686 |
| Other | 6 | 54 | 58 | 2 |
| Total | 8,382 | 195 | 1,332 | 7,245 |

3.12 Investment Fund and Growth Fund

3.12.1 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.

3.12.2 Appendix 3 provides a detailed analysis of the Funds dating back to their inception in September 2011. To date schemes totalling £119m have been approved (£92.3m on the Investment Fund, and £26.5m on the Growth Fund), and the uncommitted balances as at end of March 2020 stand at £12.5m for the Investment Fund and £12.7m 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 2020/21, although there were earmarked revenue contributions totalling £5.0m towards the cost of specific capital schemes from the Growth Fund, Technology Fund, Housing Investment Fund and Infrastructure Investment Funds. The provisional revenue outturn is reported elsewhere on the agenda.

5.2 Capital receipts totalling £25.2m were available as at 31st March 2021 to finance future capital spending priorities. Capital grants and contributions totalling £26.3m and Section 106 receipts of £7.2m 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.

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| Non-Applicable Sections: | Legal, Personnel & Procurement Implications, Impact on Vulnerable Adults and Children |
| Background Documents: (Access via Contact Officer) | Capital Programme Monitoring Q3 2020/21 & Capital Strategy 2021 to 2025, Executive 10 th February 2021; Capital Programme Monitoring Q3 2019/20 & Annual Capital Review 2020 to 2024, Executive 12 th February 2020 |