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**Decision Maker:** EXECUTIVE  
COUNCIL

**Date:** Executive on 29 November 2023  
Council on 11 December 2023

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

**Title:** CAPITAL PROGRAMME MONITORING – QUARTER 2 2023/24

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**Ward:** All

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1. Reason for report

This report summarises the current position on capital expenditure and receipts following the first quarter of 2023/24 and seeks the Executive's approval to a revised capital programme.

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2. RECOMMENDATION(S)

2.1 The Executive is requested to:

- (a) note the report, including a total re-phasing of £25,375k from 2023/24 into future years, and agree a revised capital programme.
- (b) note the need going forward, given the full utilisation of capital receipts by 2026/27 forecast in this report and the limited options to replenish this resource in the future, to consider funding options for all new schemes, including external borrowing where appropriate.
- (c) recommend that Council approve the following amendments to the capital programme (paragraph 3.3)
  - (i) increase of £3,000k in relation to reinforced autoclaved aerated concrete (RAAC)
  - (ii) increase of £1,893k in relation to depots
  - (iii) increase of £700k in relation to increased costs on the social care case management system

**(d) note that a report elsewhere on the agenda requests a supplementary capital estimate of £3,000k for additional costs associated with reinforced autoclaved aerated concrete (RAAC)**

**2.2 Council is requested to approve the following amendments to the capital programme (paragraph 3.3)**

**(a) increase of £3,000k in relation to reinforced autoclaved aerated concrete (RAAC)**

**(b) increase of £1,893k in relation to depots**

**(c) increase of £700k in relation to increased costs on the social care case management system**

### Impact on Vulnerable Adults and Children:

1. Summary of Impact: None arising from this report.
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### 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 "Making Bromley Even Better". 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 new estimates of £5,593k over the five years 2023/24 to 2027/28
  2. Ongoing costs: Not applicable
  3. Budget head/performance centre: Capital programme
  4. Total current budget for this head: Total £313.8m over the five years 2023/24 to 2027/28
  5. Source of funding: Capital grants, capital receipts and earmarked revenue contributions
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### Personnel

1. Number of staff (current and additional): 1FTE
  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: Not Applicable
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### Procurement:

1. Summary of Procurement Implications: None arising from this report.
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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? Not applicable
2. Summary of Ward Councillors' comments: N/A

### 3. COMMENTARY

#### Capital expenditure

3.1 Appendix A sets out the proposed changes to the capital programme following a monitoring exercise carried out after the second quarter of 2023/24. The base position is the programme approved by the Executive on 18 January 2023, as amended by variations approved at subsequent Executive meetings. Should the changes proposed in this report be approved, the total capital programme 2023/24 to 2027/28 would increase by £7,873k (the net of £5,593k increase for changes requiring approval and £2,280k increase for changes not requiring approval) over the five years 2023/24 to 2027/28.

The variations are summarised in the table below with further detail set out in Appendix A.

	2023/24	2024/25	2025/26	2026/27	2027/28	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Programme approved by Executive 18/01/23	79,302	33,098	34,744	10,150	0	157,294
Net underspend 22/23 rephased to 23/24	99,645					99,645
Net changes agreed in Q1 monitoring	Cr 56,982	52,454	38,336	6,112		39,920
<b>Approved programme prior to Q2 monitoring</b>	<b>121,965</b>	<b>85,552</b>	<b>73,080</b>	<b>16,262</b>	<b>0</b>	<b>296,859</b>
<b>Variations requiring the approval of Executive</b>						
Supplementary estimate for depots (ECS)		1,893				1,893
Supplementary estimate for RAAC (RCCM)		3,000				3,000
Supplementary estimate for social care case management system (RCCM)	700					700
<b>Sub-total - variations requiring approval</b>	<b>700</b>	<b>4,893</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>5,593</b>
<b>Variations not requiring the approval of Executive</b>						
Correction to Basic Need budget (CEF)		2,280				2,280
Addition of budget for Central Library (RCCM)		500				500
Use of OPR Churchill Theatre contingency (RCCM)		Cr 500				Cr 500
Rephasing between 23/24 and future years	Cr 25,375	19,828	1,547	4,000	0	0
<b>Sub-total - variations not requiring approval</b>	<b>Cr 25,375</b>	<b>22,108</b>	<b>1,547</b>	<b>4,000</b>	<b>0</b>	<b>Cr 2,280</b>
<b>Revised capital programme</b>	<b>97,290</b>	<b>112,553</b>	<b>74,627</b>	<b>20,262</b>	<b>0</b>	<b>304,732</b>
Less: estimated further slippage	Cr 50,000	20,000	20,000	10,000		0
Provision: uncertainty and future schemes		0	1,107	4,000	4,000	9,107
<b>Projected programme for capital financing</b>	<b>47,290</b>	<b>132,553</b>	<b>95,734</b>	<b>34,262</b>	<b>4,000</b>	<b>313,839</b>

3.2 Variations approved at subsequent Executive meetings (£2,280k increase)

#### *Central Library (nil impact)*

At the October 2023 meeting of the Executive, Members approved a capital estimate of £500k for initial works to relocate the Central Library, currently housed in the same building as the Churchill Theatre in Bromley. This estimate is to be funded from the budget already in the capital programme for the Churchill Theatre as part of the Operational Property Review (OPR) and therefore the net impact of this decision is cost neutral.

#### *Correction of Basic Need budget (£2,280k increase)*

As a result of a detailed reconciliation activity between Finance and heads of service, it was identified that a net total of £2,280k of section 106 funding had been added to Basic Need in previous years but not recorded in the capital monitor. This total is therefore now reflected.

3.3 Variations requiring the approval of the Executive (£5,593k increase)

#### *Supplementary estimate for depots (£1,893k increase)*

A report by the Director of Environment and Public Protection, appended to this report as Appendix G, requests approval of a supplementary estimate of £1,893k to cover increased costs for Waldo and Churchfield depots and avoid further costs in future years.

### *Reinforced autoclaved aerated concrete (RAAC) (£3,000k increase)*

A report elsewhere on this agenda requests approval of a supplementary estimate of £3,000k to cover the costs of investigative surveys relating to reinforced autoclaved aerated concrete (RAAC) and any subsequent remedial works required across the Council's property portfolio. The Council's Property team has implemented a full review of the Council's estate for the presence of RAAC. A building surveying practice has been commissioned and surveys are progressing. It is anticipated this will take six months to complete. The properties in the OPR are being reviewed as part of this commission. The funding for this project will be drawn from provisions currently made in the capital programme for financing uncertainty and future schemes, and this line has been adjusted accordingly in the table above.

### *Supplementary estimate for the social care case management system (£700k increase)*

Given existing and forecast overspends on the social care case management system, it is recommended that a supplementary estimate, assessed at £700k, be added to the capital programme to avoid a shortfall in overall funding in future years.

## 3.4 Scheme re-phasing

In this quarter's monitoring exercise, slippage of £25.4m has been identified and this has been re-phased from 2023/24 into future years to reflect the latest estimates of when expenditure is likely to be incurred. This has no overall impact on the total approved estimate for the capital programme. Further details are provided in Appendix B.

### **Capital receipts**

- 3.5 Details of the receipts forecast in the years 2023/24 to 2027/28, provided by the Assistant Director of Strategic Property, are included in Appendix E to this report for consideration under part 2 proceedings of the meeting. No receipts yet to be identified in later years are currently included in the forecast.

### **Financing of the capital programme**

- 3.6 A capital financing statement is attached at Appendix C and the following table summarises the estimated impact on balances of the revised programme and revised capital receipt projections which, as noted above, reflect assumptions on the level and timing of disposals. This appendix also assumes the full utilisation of £10.0m from reserves, as agreed in principle by Executive in January 2023, including separate funding arrangements for the revised capital programme for Churchill Court. Total balances would reduce from £51.8m (General Fund £20.0m; capital receipts £31.8m) at the end of 2022/23 to £20.0m by the end of 2027/28 (General Fund £20.0m, capital receipts £0.0m). Therefore, for any significant future capital schemes not fully funded by grants/contributions or revenue, Executive will need to give full consideration to funding options, and this is likely to include external borrowing to maintain a sustainable position in the short to medium term. This position will be kept under close review and reflected in future reports to the Executive. In particular, given the current volatility in interest rates, it is likely that internal borrowing will be used as an interim measure before external borrowing is utilised.

	<b>Balance 01/04/23 £m</b>	<b>Estimate 31/03/28 £m</b>
General Fund	20.0	20.0
Capital receipts	31.8	0.0
	<b>51.8</b>	<b>20.0</b>

## Operational Property Review

3.8 When the Operational Property Review (OPR) was added to the Council's capital programme in January 2023 it was presented for monitoring purposes as a single overarching project, with a separate budget for leisure centres. Subsequent work has now disaggregated this larger budget and it has been decided to reflect projects in the appropriate portfolio. The budgets shown also include an element of the delivery budget, which has been apportioned out across schemes for reporting; and this has now been added to the original budgets. The following table shows these budgets on a scheme-by-scheme basis, along with total spend to date across the life of the project.

Scheme	Portfolio	Approved estimate	Delivery estimate	Total estimate	22/23 estimate	23/24 estimate	24/25 estimate	25/26 estimate	26/27 estimate	Spend to date
		£m	£m	£m	£m	£m	£m	£m	£m	£m
Adult day centres/care homes	ACH	12.110	0.743	12.853	0.000	0.140	5.988	6.725	0.000	0.000
<b>ACH sub-total</b>		<b>12.110</b>	<b>0.743</b>	<b>12.853</b>	<b>0.000</b>	<b>0.140</b>	<b>5.988</b>	<b>6.725</b>	<b>0.000</b>	<b>0.000</b>
Children and family centres	CEF	6.700	0.413	7.113	0.000	0.078	3.507	3.528	0.000	0.000
SEN services	CEF	0.470	0.030	0.500	0.000	0.005	0.247	0.248	0.000	0.000
Youth Offending Service	CEF	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Youth Centres	CEF	3.400	0.210	3.610	0.000	0.039	1.780	1.791	0.000	0.000
Adult education centres	CEF	7.400	0.453	7.853	0.000	0.086	3.872	3.895	0.000	0.000
<b>CEF sub-total</b>		<b>17.970</b>	<b>1.106</b>	<b>19.076</b>	<b>0.000</b>	<b>0.208</b>	<b>9.406</b>	<b>9.462</b>	<b>0.000</b>	<b>0.000</b>
Surface car parks	RCCM	1.000	0.060	1.060	0.000	0.012	1.048	0.000	0.000	0.000
Cemetery properties	RCCM	0.860	0.052	0.912	0.000	0.010	0.450	0.452	0.000	0.000
Central Library	RCCM	0.500	0.000	0.500	0.000	0.000	0.500	0.000	0.000	0.500
<b>RCCM sub-total</b>		<b>1.860</b>	<b>0.112</b>	<b>1.972</b>	<b>0.000</b>	<b>0.022</b>	<b>1.998</b>	<b>0.452</b>	<b>0.000</b>	<b>0.000</b>
Traveller sites	RRH	3.000	0.184	3.184	0.000	0.250	0.350	1.000	1.584	0.000
Libraries	RRH	10.770	0.355	11.125	0.000	1.181	5.106	2.579	2.259	0.000
Leisure centres (Gp 2)	RRH	27.100	0.500	27.600	0.027	1.623	8.650	8.650	8.650	0.447
<b>RRH sub-total</b>		<b>40.870</b>	<b>1.039</b>	<b>41.909</b>	<b>0.027</b>	<b>3.054</b>	<b>14.106</b>	<b>12.229</b>	<b>12.493</b>	<b>0.447</b>
<b>Total - schemes</b>		<b>72.810</b>	<b>3.000</b>	<b>75.810</b>	<b>0.027</b>	<b>3.424</b>	<b>31.498</b>	<b>28.868</b>	<b>12.493</b>	<b>0.447</b>
Contingency budget		4.000	0.000	4.000	0.000	0.000	0.000	0.000	4.000	0.000
Risk provision - Churchill		4.500	0.000	4.500	0.000	4.500	0.000	0.000	0.000	0.002
<b>Grand total - all programme</b>		<b>81.810</b>	<b>3.000</b>	<b>84.810</b>	<b>0.027</b>	<b>7.924</b>	<b>31.498</b>	<b>28.868</b>	<b>16.493</b>	<b>0.449</b>

## Investment Fund and Growth Fund

- 3.9 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.
- 3.10 Appendix D provides a detailed analysis of the funds dating back to their inception in September 2011. To date, schemes totalling £119.0m have been approved (£98.0m on the Investment Fund, and £23.2m on the Growth Fund), and the uncommitted balances as at end June 2023 stand at £6.8m for the Investment Fund and £15.9m for the Growth Fund.

### Feasibility works – property disposals

- 3.13 At its meeting on 24 May 2017, Executive agreed to the creation of a new earmarked reserve with an initial allocation of £250k funded from the Growth Fund to allow for the commissioning of feasibility works against specific sites, so as to inform the Executive of sites' viability for disposal or re-development and potential scheme optimisation, together with an appraisal of worth.
- 3.14 Members requested that an update from strategic property be included in quarterly capital monitoring reports. This information, provided by the Assistant Director of Strategic Property, is provided in Appendix F.

### Section 106 receipts

- 3.15 In addition to capital receipts from asset disposals, the Council holds a number of section 106 contributions received from developers. 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. These receipts are held as a receipt in advance on the Council's balance sheet, the balance of which stood at £6,717k as at 30 September 2023, and will be used to finance capital expenditure from 2023/24 onwards. The current position on capital section 106 receipts (excluding commitments) is shown in the following table:

Agreed service area	Balance 31/03/23 £'000	Receipts to Q2 23/24 £'000	Expenditure to Q2 23/24 £'000	Balance 30/09/23 £'000
Housing	1,307	0	0	1,307
Education	4,734	43	0	4,777
Highways	20	0	0	20
Local economy	613	0	0	613
Other	0	0	0	0
<b>Total</b>	<b>6,674</b>	<b>43</b>	<b>0</b>	<b>6,717</b>

- 3.16 The Council's budgets are limited and, where a developer contribution can be secured, this will be required as a contribution towards projects, notwithstanding any other allocation of resources contained in the Council's spending plans.

### Post-completion reports

- 3.17 Under approved capital programme procedures, capital schemes should be subject to a post-completion review within one year of completion. 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 due to be submitted to the relevant PDS committees and budget holders have been notified:

- 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
- Early Education for Two-Year-Olds
- 30 Hour Funded Childcare IT Solution
- Performance Management/Children's Services IT scheme
- Bromley My Time Investment Fund
- Relocation of Exhibitions - Bromley Museum
- Norman Park Athletics Track

#### **4 POLICY IMPLICATIONS**

4.1 Capital programme monitoring and review is part of the planning and review process for all services.

#### **5 FINANCIAL IMPLICATIONS**

5.1 These are contained in the main body of the report and in the appendices. Attached as Appendix C is a capital financing statement, which gives a long-term indication of how the revised programme would be financed if all the proposed changes were approved and if all the planned receipts were achieved. The financing projections assume approval of the revised capital programme recommended in this report.

<b>Non-applicable sections:</b>	Legal, Personnel & Procurement Implications, Impact on Vulnerable Adults and Children
Background documents: (access via Contact Officer)	Capital programme monitoring Q3 2022/23 and capital strategy 2023-2027 (Executive 18/01/23) Capital programme monitoring Q1 2023/24 (Executive 20/09/23)