

PART 1 - PUBLIC

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Decision Maker: Executive

Date: 2nd February 2011

Decision Type: Non-Urgent Executive Key

Title: CAPITAL PROGRAMME MONITORING-3rd QUARTER 2010/11

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Chief Officer: Director of Resources

Ward: All

1. Reason for report

This report summarises the current position on capital expenditure and receipts following the 3rd quarter of 2010/11 and seeks the Executive's approval to a revised Capital Programme. The Capital Review report elsewhere on the agenda seeks approval to new schemes over the years 2011/12 to 2014/15.

2. **RECOMMENDATION(S)**

The Executive is asked to:

2.1 Note the report and to agree a revised Capital Programme.

2.2 Approve the following amendments to the Capital Programme:

- (i) Addition of £1,500,000 in 2010/11 in respect of additional funding from Bromley PCT for the LD reprovision scheme (see para 3.2);
- (ii) Addition of £7,255,000 over the two years 2011/12 to 2012/13 in respect of government grant allocations announced in the December Settlement (see para 3.3);
- (iii) Addition of £485,000 in 2011/12 in respect of external funding for London private sector renewal schemes (see para 3.4);
- (iv) Addition of £100,000 in 2011/12 in respect of new Capital Ambition funding for Efficiency and Transformation (see para 3.5);
- (v) Reduction of £4,340,000 over the four years 2010/11 to 2013/14 to reflect reduced Transport for London support for highways schemes (see para 3.6);

- (vi) Reduction of £2,690,000 in 2010/11 to reflect reduced Formula Devolved Capital support (see para 3.7);
- (vii) Net addition of £100,000 in 2010/11 for Farnborough Primary School extension scheme (see para 3.8);
- (viii) Addition of £230,000 in 2010/11 in respect of the balance of short breaks capital funding (see para 3.9);
- (ix) Addition of £112,000 in 2010/11 to reflect additional Extended Services grant (see para 3.10).

Corporate Policy

1. Policy Status: Existing policy. Capital Programme monitoring and review is part of the planning and review process for all services.
 2. BBB Priority: Excellent Council.
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Financial

1. Cost of proposal: Estimated cost Total increase of £2.8m over the 4 years 2010/11 to 2013/14, mainly due to net increases in external funding
 2. Ongoing costs: Non-recurring cost.
 3. Budget head/performance centre: N/A (Capital Programme)
 4. Total current budget for this head: £Total £150.2m over 4 years 2010/11 to 2013/14
 5. Source of funding: Capital grants, capital receipts and revenue contributions
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Staff

1. Number of staff (current and additional): N/A
 2. If from existing staff resources, number of staff hours: N/A
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Legal

1. Legal Requirement: No statutory requirement or Government guidance.
 2. Call-in: Call-in is not 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? No.
2. Summary of Ward Councillors comments: N/A

3. COMMENTARY

Capital Expenditure

3.1 Appendix A sets out proposed changes to the Capital Programme following a detailed monitoring exercise carried out after the 3rd quarter of 2010/11. Further information is provided in paragraphs 3.2 to 3.11. The base position is the revised programme approved by the Executive on 3rd November 2010, as amended by variations at subsequent meetings. If all the changes proposed in this report were approved, the total Capital Programme 2010/11 to 2013/14 would increase by £2.8m, mainly due to net increases in external funding, and the 2010/11 estimate would reduce by £4.4m, mainly due to the net effect of rephrasing of expenditure into later years.

3.2 LD Reprovision – additional funding from Bromley PCT (increase of £1,500k in 2010/11)

Further to previous reports, the Council operates under a Section 75 agreement as the lead commissioner for the PCT Campus Programme. In December, Bromley PCT transferred a further £1.5m to the Council to enable the purchase of the Cheyne site, bringing the total transfer to nearly £10.4m, specifically for the reprovision of LD services. The PCT Campus Programme continues to make good progress, with the finalisation of contracts relating to the Cheyne site in West Wickham and a scheme in Crofton Road, Orpington, now taking place. Work also continues on locating and developing replacement properties for LD day and respite services currently located at the Bassetts Campus site, which is due to close in 2011. The Executive is asked to agree the inclusion of the additional £1.5m in the Capital Programme in 2010/11.

3.3 Government capital grant allocations in the 2011/12 settlement (net addition of £7,255k)

In December, the government announced the Provisional Local Government Finance Settlement for 2011/12 and 2012/13. Many of the capital grant allocations were, and still are, not made public and it is anticipated that these will be announced shortly. The only capital grants included in the settlement were as follows:

- Department of Health support for social care (a total of £1,226k; £607k in 2011/12 and £619k in 2012/13);
- Department for Education support for schools in 2011/12 (Basic Need £4,497k and capital maintenance £5,687k).
- Devolved Formula Capital support for schools (£845k in 2011/12, which is £4,155k less than the indicative provision of £5m currently in the programme).

The Executive is asked to approve the inclusion of these sums to the Capital Programme. Although these grants (with the exception of Devolved Formula Capital) are not ring-fenced, they are provided by the relevant government department specifically with the intention of meeting certain spending needs. In particular, the DfE grants enable the Council to deal with some major pressures in the school sector. Should this money be diverted elsewhere, it would be very difficult to obtain discretionary funding from these government departments.

3.4 London private sector renewal schemes (additional external funding £485k in 2011/12)

The current approved programme includes £2,286k for various externally funded London Private Sector Renewal schemes, mainly consisting of a loan scheme and the Handyman scheme. In 2011/12, we will receive an additional £485k and the Executive is asked to agree the inclusion of this sum in the Capital Programme.

3.5 Capital Ambition – Efficiency and Transformation Funding (addition of £100k in 2011/12)

In December, the London Councils Leaders' Committee agreed new governance arrangements for Capital Ambition, which included an agreement to disburse some funding to all member authorities for improvement and efficiency activity. As a result, each member authority will receive £100k in capital funding and this needs to be added to the Capital Programme. Details regarding the conditions of use are still awaited and the Executive is asked to agree that this sum be set aside for improvement and efficiency schemes. A report on the utilisation of the funding will be submitted in due course.

3.6 Transport for London – revised support for highway schemes (overall reduction of £4,340k)

Provision for transport schemes to be 100% funded by TfL was originally included in the Capital Programme 2010/11 to 2013/14 on the basis of the bid in our Borough Spending Plan (BSP). Notification of an increase of £67k in 2010/11 has been received from TfL, but a total reduction of £4,407k has been made in later years to reflect revised forecasts of the level of TfL funding in those years. TfL grant allocations change frequently and any further variations will be reported in subsequent capital monitoring reports.

3.7 Formula Devolved Capital – reduced government support (reduction of £2,690k in 2010/11)

The 2010/11 Capital Programme currently includes £5,660k for Formula Devolved Capital support for schools from the government. This figure was based on the level of support in previous years. In 2009/10, as instructed by the government department, the support passed on to schools included some £1.9m in advance of the 2010/11 allocation. As a result, the estimated level of support to be provided to schools in 2010/11 has reduced to £2,970k.

3.8 Farnborough Primary School extension (net addition of £100k in 2010/11)

Various funding streams have been identified for a scheme to extend Farnborough Primary School by 2 classrooms, at a total estimated cost of £311k. These comprise £150k from the suitability/modernisation budget, £50k from planned maintenance, £11k from seed challenge and a contribution of £100k from the school. The Capital Programme budgets for the first 3 funding streams have been reduced by the relevant amounts, as a result of which the programme will only increase by the amount of the school's contribution. The Executive is asked to agree the inclusion of the scheme in the Capital programme.

3.9 Short Breaks Capital grant (addition of £230k in 2010/11)

In June 2009, the CYP Portfolio Holder was informed that a capital grant of £185k in 2009/10 and £431k in 2010/11 would be received to improve short breaks for children and young people with disabilities. Extensive consultation was carried out with the families of disabled children and it was agreed that the major priorities for use of both the revenue and capital grants were to increase holiday, weekend and after school play schemes and to provide access to integrated leisure facilities. Some of this funding has been approved by Members as contributions towards the Hawes Down and Riverside School schemes. The remaining grant (£215k) now needs to be included in the capital programme.

£64k of short breaks capital funding has been identified for a 'Changing Place' facility at The Walnuts, which will provide 'state of the art' changing facilities for disabled children and young people and adults. This will not only enable a greater use of the Orpington leisure facilities but, as the location of the Changing Places is at the entrance of the centre, general public not requiring use of the centre may also use these facilities. This project is being jointly funded by a contribution of £15k from Bromley Mytime and the total scheme cost (£79k) needs to be included in the programme.

£100,000 has been identified for a lodge in the grounds at Riverside Beckenham for short break provision to be delivered both for the existing client group (i.e. 5 – 11 years olds) and for older disabled young people. This will enable a greater community use of the school facility, enabling it to be accessed during school holiday periods, thus maximising the potential for benefit to disabled children and young people. The provision (known as an Eco Lodge) may be used as an alternative outdoor classroom provision during school term time.

Balance of £51k: Parents/carers are being consulted to identify any small specialist capital items that may be purchased for community use.

3.10 Extended Schools – additional government grant (£112k in 2010/11)

This represents the inclusion of the 2010/11 government grant allocation, which, when added to the amount of 2009/10 carried forward results in an estimate of £570k in 2010/11.

3.11 Scheme Rephasing

The estimated phasing of expenditure on a number of schemes has been revised, as a result of which a total of £3.8m has been rephased into later years. These are shown in detail in Appendix A.

Capital Receipts

3.7 Details of the 2009/10 outturn for capital receipts and the receipts forecast in the years 2010/11 to 2013/14 are included elsewhere on the agenda in a confidential appendix to this report (Appendix B). Actual receipts from asset disposals totalled some £2.6m in 2009/10, compared to the forecast of £2.1m reported to the February meeting. The latest estimate for 2010/11 has reduced to £3.8m from £6.8m reported in November, due to the slippage of receipts into later years. The forecast for receipts in 2011/12 has reduced to £5.8m (£14.8m reported in November), the net result of slippage from 2010/11 and into 2012/13. Estimates for 2012/13 and 2013/14 are now £17.7m and £0.2m respectively (£7.9m and £3.0m were reported in November), also due to slippage between years. These totals include estimated receipts in respect of the disposal of the three main sites in the disposal programme; Tweedy Road, Westmoreland Road and Bromley Town Hall. For illustrative purposes, two financing models have been prepared and these are included in the 2010 Capital Review report elsewhere on the agenda. A total of £1m per annum is assumed for later years, in line with the target included in the Resources Portfolio Plan.

3.13 In addition to capital receipts from asset disposals, the Council is also holding 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 in a reserve, the balance of which stood at £4,026,000 as at 31st March 2010, and will be used to finance capital expenditure from 2010/11 onwards. The current position on capital Section 106 receipts is shown below. A summary of the revenue and capital position is included in the Financial Monitoring report elsewhere on the agenda.

Specified capital works	Balance 31/3/10	Receipts 2010/11	Expenditure 2010/11 (inc commitments)	Uncommitted Balance
	£000	£000	£000	£000
Local Economy & Town Centres *	559	-	450	109
Housing provision	1,703	725	780	1,648
Education	904	47	750	201
Community use	860	-	15	845
TOTAL	4,026	772	1,995	2,803

* a further £225,000 is available as a result of a transfer from contingency in 2005/06.

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. A summary of the changes to the Capital Programme detailed in this report is shown in Appendix A. If all the proposed changes were approved, the total Capital Programme 2010/11 to 2013/14 would increase by £2.8m, mainly due to net increases in external funding, and the 2010/11 estimate would reduce by £4.4m to £73.4m mainly due to the net effect of rephasing of expenditure into later years. Appendix B (on the Part 2 agenda) gives details of anticipated capital receipts from asset disposals.

5.2 A report elsewhere on the agenda entitled "Capital Programme Review 2010" presents for approval the new capital schemes recommended by Chief Officers, which were considered and agreed in principle at the January meeting. Detailed financing projections for the revised Capital Programme together with the recommended new bids are set out in the Capital Programme Review report.

Non-Applicable Sections:	Legal and Personnel Implications
Background Documents: (Access via Contact Officer)	Departmental monitoring returns January 2011. Approved Capital Programme (Executive 3/11/10).