

CAPITAL PROGRAMME

Committee members have asked three related questions about the capital programme and have requested a short summary paper.

1. Capital Board processes

Capital Board's terms of reference are attached at Appendix 1. The Board has no executive decision making powers, but reviews proposals before they progress for executive decision. In relation to capital planning and budgeting, the Board oversees the capital planning process and reviews and prioritises capital proposals prior to further consideration at the Executive Management Team and Cabinet.

2. Paradise Capital budget management

A project delivery update on Paradise is attached at Appendix 2.

3. Overall capital programme budget management

Capital programme monitoring is reported quarterly to Cabinet, and in the interim months to Resources Scrutiny. Month 6 capital monitoring is elsewhere on this Resources Scrutiny agenda; Appendix 3 provides a brief summary of the capital monitoring reported to Cabinet at outturn 2018/19, in order to give a year end picture. This identifies:

- Outturn slippage of £(190)m or 36% of budget
- Net overspends of £10m or 2% of budget.

Further details and comments on these variations at project level are in the outturn report to Cabinet on 14 May 2019.

The Council's financial improvement plan is seeking to address the high level of slippage and to minimise the risk of overspends.

- The Capital Board was set up to strengthen the Council-wide management of capital, including review of dashboards on major projects of £10m+, and review of draft business cases for major capital proposals
- A Financial Control Standard for major capital projects has been agreed by Capital Board and Corporate Management Team, which requires major projects to have a project board, monthly dashboard, project plan, change control process, risk and issues register, and green book based business cases supporting executive decisions.
- Financial management of capital is part of the improvement plan for the new Oracle-based financial systems, which will include project management as well as financial management capabilities. This will seek to strengthen service capital project and budget management, with refreshed capital procedures and guidance supported by training at Management team down to project officer levels.

Becky Hellard

Chief Finance Officer

Appendix 1

CAPITAL BOARD TERMS OF REFERENCE

Capital Strategy, planning, resources and allocation

1. To lead the production and maintenance of the Council's Capital Strategy and Capital Expenditure Plan as part of the Council's overall Business Planning
2. To co-ordinate with other Council strategies, services and processes, eg the Property Strategy, revenue budget process and service operating models
3. To lead a robust annual planning approach to the identification of capital proposals and pressures and consideration of priorities, including:
 - a. Co-ordinating service capital strategies and specific capital proposals:
 - i. on an annual basis before the start of the financial year for member consideration and prioritisation
 - ii. commissioning / receiving proposed service capital strategy and programme reports during the year
 - iii. considering the early stage funding arrangements for projects and programmes where general capital resources may be required, in advance of member consideration
 - b. Supporting annual programme reports before the start of the financial year for the Council's major ongoing capital programmes
 - c. Linking annual capital planning to the revenue budget process
 - d. Commissioning post-implementation reviews of sample projects
4. To monitor the availability and use of capital resources, especially capital receipts, prudential borrowing, and other general capital resources which the Council has wide discretion to spend, and to develop and maintain resource generation strategies
5. As part of meeting the Council's objectives, to manage processes for prioritising the use of capital resources in support of member decision making, especially in relation to capital receipts, prudential borrowing, and other general capital resources which the Council has wide discretion to spend

Project evaluation and approval

6. To give pre-approval for major Option Appraisal and Full Business Cases to proceed to Cabinet:
 - i. For projects already planned in the Capital Budget with project cost £10m or more, and

- ii. For projects not planned in the Capital Budget, with a project cost of £2m or more
Subject to review after 12 months.

Capital monitoring and review

- 7. To review capital programme budgetary performance, and take appropriate actions to support improvement in services' budgeting and delivery
- 8. To commission post-implementation reviews of sample projects

Capital governance and processes

- 9. To manage the Council's Business Case approvals process and other constitutional requirements for capital.
- 10. To strengthen major capital project management and control processes.

Membership

- 11. Members will comprise:

The Leader of the Council (Chair)
The Cabinet Member for Resources
Chief Executive
Director of Finance

Supported by:
Corporate Finance
Property Services (in relation to the Property Strategy)

Meetings and communications

- 12. It is expected that the Board would meet monthly or otherwise as agreed, and that any urgent business between meetings will be done via email.
- 13. The Board has no executive decision making roles, but will manage the above processes to support effective executive decisions. Major proposals and recommendations will be reported to CLT and on to EMT.

Paradise Circus

Project Delivery Update

7th November 2019

Phase 1 – One and Two Centenary Square

One Chamberlain Square (1CS) was handed to the anchor tenant PwC to commence fit out on 14th October 2019. An office occupier for 2 floors of Two Chamberlain Square (2CS) starts fit out works in January and ground floor restaurants in both 1CS and 2CS have started their fit outs and will be operational by April 2020. Announcements for 2 other ground floor occupiers will hopefully be made before the end of the year and a number of discussions are progressing for the remaining office space in 2CS.

The car park entrance and exit together with installation of barriers is due for completion during November ready for testing and commissioning and opening to the public in line with target in January. External paving works around 1CS are now substantially complete and final hoarding has been installed to the perimeter of 1CS, which facilitates fit-out access for the first retail tenant for 1CS. The switchover of the public realm in readiness for access to the German Market has been completed, work will continue on the public realm outside of the market footprint.

Paving has commenced along the 2CS facade in Centenary Way and within the colonnade area. Substantial works have been ongoing in Chamberlain Square over the last 2 months in preparation for the paving contractor to start laying stone and now that BMAG drainage works are concluded, this provides a large area to the groundworker to commence concreting along Congreve Passage. Parts of Chamberlain Square paving has been pushed back to January due to unknown utilities.

A revised budget of £69m was approved by Cabinet and the GBSLEP for Phase 1, the works are not yet completed and spend confirmation cannot be given until the end of the retentions period. Close management and monitoring of the financial position is in place and should unmitigated variations materialise they will be reported appropriately.

Phase 2

Phase 2 basement engineering contract now signed (announcement to be made shortly) and works are due to start on site on the 2nd December 2019. Basement works are due for completion in August 2021 and the building itself in Autumn 2022. A budget of £32m is approved for Phase 2.

CAPITAL OUTTURN - OUTTURN VARIATIONS (QUARTER 4)				Appendix 3	
Directorate	2018/19 Outturn			Slippage / Acceleration £000	Over / Underspend £000
	Quarter 4 Budget £000	2018-19 Outturn	Quarter 4 Variation £000		
Directorate: Adult Social Care & Health					
Improvements to Social Care Delivery	1,314	4,254	2,940	2,940	0
Other	6,200	5,372	(828)	(875)	47
Total Directorate Capital programme	7,514	9,626	2,112	2,065	47
Directorate: Children's, Young People & Families					
Schools Condition Allowance	15,285	22,060	6,775	2,381	4,394
Basic Need - Additional School Places	21,839	38,297	16,458	16,424	34
Other	5,972	4,635	(1,337)	(1,479)	143
Total Directorate Capital programme	43,096	64,992	21,896	17,326	4,571
Directorate: Place					
Place Other					
Sport & Swimming Pool Facilities	6,904	8,806	1,902	1,194	708
Waste Management Services	6,015	949	(5,066)	(5,070)	4
Parks	4,134	2,023	(2,111)	(1,551)	(560)
Museums & Arts	3,070	70	(3,000)	(3,000)	0
Other	14,388	13,455	(933)	(1,333)	400
Total Place Other	34,511	25,303	9,208	(9,760)	552
Housing HRA					
Housing Improvement Programme	68,754	75,857	7,103	3,695	3,408
Redevelopment	64,186	26,873	(37,313)	(37,002)	(311)
Other Programmes	4,809	5,821	1,012	1,144	(132)
Total HRA	137,749	108,551	(29,198)	(32,163)	2,965
Total Directorate Capital programme	172,260	133,854	(38,406)	(41,923)	3,517
Directorate: Economy					
Planning & Regeneration Schemes					
Major Projects:					
Enterprise Zone	29,301	7,058	(22,243)	(22,243)	0
Jewellery Quarter Cemetery	1,829	31	(1,798)	(1,798)	0
Unlocking Housing Sites	4,619	1,615	(3,004)	(3,652)	648
Metro Centenary Square	6,026	4,553	(1,473)	(1,473)	0
Housing Development	14,986	1,777	(13,209)	(13,209)	0
Other	12,094	9,723	(2,371)	(2,546)	174
Total Planning & Regeneration Projects	68,855	24,757	(44,098)	(44,921)	822
Employment & Skills					
ERDF Business Growth & Property Investment	5,450	7,564	2,114	0	2,114
Other	203	122	(82)	0	(82)
Total Employment & Skills	5,653	7,686	2,032	0	2,032
Highways					
Other	4,145	2,264	(1,880)	(2,071)	191
Total Highways	4,145	2,264	(1,880)	(2,071)	191
Transportation					
Clean Air & Hydrogen Buses	11,000	4	(10,996)	(10,996)	0
Walking & Cycling	19,213	13,790	(5,423)	(5,423)	0
Other	24,614	20,128	(4,485)	(4,863)	378
Total Transportation	54,827	33,922	(20,904)	(21,282)	378
Birmingham Property Services					
Other	2,092	651	(1,441)	(1,153)	(287)
Total Birmingham Property Services	2,092	651	1,441	(1,153)	(287)
Total Directorate Capital programme	135,572	69,280	(66,291)	(69,427)	3,136
Directorate: Finance & Governance					
Revenue Reform Projects	26,318	14,482	(11,836)	(11,029)	(807)
Gateway / Grand Central Residual Costs	9,069	2,379	(6,690)	(6,690)	0
Capital Loans & Equity Funds	6,637	20,974	14,337	14,337	0
Commonwealth Games	114,688	26,811	(87,877)	(87,877)	0
Other	400	73	(327)	(327)	0
Total Directorate Capital programme	157,112	64,719	(92,393)	(91,586)	(807)
Directorate: Strategic Services					
Corporate ICT Investment	8,039	1,574	(6,465)	(6,460)	(5)
Other	694	633	(61)	(61)	0
Total Directorate Capital programme	8,733	2,207	(6,526)	(6,521)	(5)
Total BCC	524,287	344,679	(179,608)	(190,067)	10,460
Percentage of Budget			(34.26)	(36.25)	2.00