



Leicester  
City Council

**Performance & VFM Select Committee  
Cabinet**

**9<sup>th</sup> December 2009  
14<sup>th</sup> December 2009**

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## **2009/10 CAPITAL PROGRAMME MONITORING – PERIOD 6**

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### **Report of the Chief Finance Officer**

#### **1 PURPOSE OF REPORT**

- 1.1 The purpose of this report is to update Members on the progress of spending on the capital programme for 2009/10 to the end of September (period 6), and the forecast spend to the end of the year.
- 1.2 Further reports will be produced showing cumulative expenditure and full year forecasts on a periodical basis.

#### **2 SUMMARY**

- 2.1 The actual level of expenditure at the end of period 6 totalled £41.9m, which represents 40% of the projected spend for the year of £104.3m. Any further significant levels of slippage that occur in the programme will jeopardise achievement of the 90% target spend level.

#### **3 RECOMMENDATIONS**

- 3.1 Cabinet is recommended to:
- i) approve a revised level of programmed expenditure of £104.3 m;
  - ii) note the level of expenditure to the end of September 2009 of £41.9 m;
  - iii) note the current level of spend (40%) of the programme;
  - iv) note the significant level of slippage (£10.8m) that has occurred since period 3;
  - v) note the downturn in capital receipts;
  - vi) note the prudential indicators for 2009-10.
- 3.2 The Select Committee is asked to:

- i) consider the overall position relating to the capital programme and make any observations to Cabinet as it sees fit; and
- ii) consider whether they would wish to further scrutinise the performance of any individual schemes where they have concerns over progress.

## **4 CAPITAL MONITORING**

4.1 The capital programme is split into 4 main categories:

- i) the Transport programme;
- ii) the Education programme;
- iii) the Housing programme; and
- iv) the Corporate programme, which covers all other services.

This categorisation is determined by the way Government support is allocated.

4.2 This report details the actual level of expenditure to the end of September 2009.

4.3 The report also considers the extent to which the Council has achieved its programme of asset sales, which help fund the programme.

## **5 POSITION AT THE END OF SEPTEMBER 2009**

5.1 The overall financial position for each division is shown in Appendix A.

5.2 At the end of period 6, 40% of the 2009/10 revised programme of £104.3m had been spent.

5.3 Significant additional slippage (i.e. since period 3) is now forecast (£10.8m) in the capital programme. This primarily relates to five projects – these being the Football Investment Strategy, New Primary Places, School Kitchens Improvements, Children’s Centres, and re-wiring of Council Dwellings.

5.4 The recession continues to have an impact on our already low target for capital receipts. It is expected that the contingency plan approved as part of the capital programme will be required.

## **6 PROGRESS ON SPECIFIC SCHEMES**

6.1 Details of progress on major schemes in the programme are given below on a Divisional basis in line with the authority’s new management structure.

### **6.2 Social Care & Safeguarding**

6.2.1 Schemes in this division include Children’s Residential Homes and Youth Projects.

6.2.2 The revised programme at period 3 totalled £1.258 million. Expenditure at period 6 totalled £606k representing 48% of the full year forecast. Full spend in the year is anticipated.

### 6.3 Access, Inclusion & Participation

6.3.1 Schemes in this division include Children's Centres and Short Break Pathfinder Grant (£146k).

6.3.2 The revised programme at period 3 totalled £3.76m. An additional government allocation for Surestart of £132k has now been added. Expenditure of £352k had been incurred at the end of period 6. Significant slippage (£1.3m) is now anticipated on the Children's Centres programme. There have been delays in agreeing the sites for the phase 3 centres which cover five schemes at Lansdowne Road, St Saviours, Kestrel Fields, Alderman Richard Hallam and Mayfield. These sites were approved by Cabinet on 3<sup>rd</sup> August. The projects are in the planning stages and are likely to start early in 2010 and be completed in the autumn.

### 6.4 Learning Environment

6.4.1 Schemes in this division include New Primary Places, BSF Phase 1, schools devolved capital, Humberstone Juniors and Infants restructuring, school kitchens and the classroom replacement programme.

6.4.2 The revised programme at period 3 totalled £35.3m. Expenditure of £20.4m had been incurred at the end of period 6. Significant slippage (£3.5m) is now anticipated on New Primary Places, school kitchens and integrated service hubs.

#### 6.4.3 Progress and comments on major schemes detailed below:

a) Schools Formula Capital (£4m)

This is funding which is devolved directly to schools and is therefore not subject to direct controls on expenditure and profiling. Payments are made to schools on a termly basis, based on a national formula. Some schools use their DFC (Devolved Formula Capital) to make contributions towards projects within the main CYPS capital programme. Expenditure at period 6 was £2.9m. It is envisaged that schools will use DFC for a combination of operational / urgent needs and to support strategic objectives as set out in the BSF and Primary Capital Programmes and the Strategy for Change generally.

b) Humberstone Junior and Infants Restructuring (£2.4m)

The project involves the construction of a new hall, link corridors to both schools and the replacement of mobile classrooms. It commenced in April 2009 and is due to be completed in February 2010. Expenditure at period 6 totalled £901k.

c) New Primary Places (£13.4m)

The project includes works at a number of schools with expenditure of £7.6m at period 6.

Significant elements of New Primary Places project are as follows:

**Taylor Road Primary (£5.02m)** The school opened in September 2009 and the external work is due to be finished in January 2010. The project is currently on programme.

**Eyres Monsell & Children Hospital School (£3.06m)** The junior block for the new primary school has been refurbished and was handed over on 18<sup>th</sup> October. The new extension and children centre are currently being constructed and are planned for completion in November. Slippage of £150k has been anticipated and relates to the refurbishment of the infant block (for use by the Children Hospital School) being carried out under the BSF programme.

**Rowlatts Hill Primary (£1m)** The project is now planned to commence in December 2009 and is due to be completed by September 2010. Slippage of £700k has now been anticipated and is due to delays in the project planning stage.

**Mellor Primary (New School) (£1m)** A report was submitted to Cabinet in October. It was agreed to rebuild both the infant and junior buildings, with links to the new Children's Centre, and form 3 entry infrastructure (number of classrooms to suit 2 form entry), which will be an approximate cost of up to £8.6 Million, giving the potential for approximately 200 further places to be added at a later date. The delay in the production of the option appraisal used to inform the decision taken by Cabinet has meant an anticipated slippage of £400k on this scheme in 2009-10.

**Marriott Primary School (£900k)** The works commenced in July 2009 and due to be completed in September of 2010.

**Evington Valley Primary (£400K):** The project is planned to start January 2010 and due to be completed in November 2010. The project is currently over budget and is being assessed for opportunities to reduce the scope. This delay means anticipated slippage of £300k.

**Rolleston Primary (£600K)** The project is now planned to commence in January 2010 and is due to be completed in August 2010. Slippage of £300k is anticipated due to shortages in resources over the summer.

**Merrydale Infants (£825K):** The project commenced in April 2009 and was completed in August.

- d) Building Schools for the Future – Phase 1  
Planned school handover dates have all been achieved either on-time or early, as shown below. These are :-

Fullhurst Phase 1	05 Jan 2009	(Completed & on time)
Fullhurst Phase 2	17 Aug 2009	(Completed early)
Beaumont Leys	20 Apr 2009	(Completed early)

Judgemeadow	05 Jun 2009	(Completed & on time)
Soar Valley	05 Jun 2009	(Completed & on time)

Significant progress is now under way on demolition works at the completed school sites and the timetable plan remains robust. Construction works generally are progressing to plan. A concern about the likely additional costs for asbestos removal remains. Initial cost estimates have been subsequently reduced and they remain under further review subject to the completion of the demolition works. Any additional costs will be met from the contingency within the BSF budget. Specific figures will be reported in due course once negotiations have been finalised.

e) Classroom Replacement Programme (£1.2m)

**Charnwood Primary:** The project commenced in January 2009 and was completed in August 2009.

**Upland Infants:** the project is still at design stage with a likely start on site during November 2009. Completion is anticipated in Spring 2010.

f) School Kitchens (£1.9m)

DCSF grant of £3.3m was awarded in June 2009 on a match funding basis. The total funding is to be split between facilities at two secondary schools (£2.25m) and a number of Primary schemes (£4.24m). A separate report will be submitted to Cabinet on 30<sup>th</sup> November to identify the complete proposed programme and funding implications. Slippage of £1.2m is now anticipated – the award of grant in June required a programme of works to be developed and this isn't scheduled for approval by Cabinet until 30<sup>th</sup> November.

## 6.5 Learning Services

6.5.1 Schemes in the Learning Services Division include IT Projects (£1.254m), Children's Play Programmes (£546k), Individual Access Needs (£226k), New Opportunities Sports Programme (£200k), Braunstone Skills Centre (£182k) and City Learning Centres (£171k).

6.5.2 The revised programme at period 3 totalled £2.9m. Expenditure of £1.45m had been incurred at the end of period 6 representing 50% of the programme for the year.

## 6.6 Highways and Transportation

6.6.1 The revised programme for Highways and Transportation schemes at period 3 was £15.7m. The Highways and Transportation capital programme is made up of the following main areas:

Highways & Transportation	Revised Programme 2009/10 '£000
Integrated Transport	£8,504
Capital Maintenance	£3,147
Regeneration Schemes	£3,202
Other H&T Schemes	£835
<b>Total H&amp;T</b>	<b>£15,688</b>

The major projects within the **Integrated Transport programme** include Quality Bus Corridors (£2.8m), Park & Ride Services (£2.6m), Walking & Cycling Schemes (£0.6m), Bus Improvements (£0.45m) and Safer Roads (£0.94m). Expenditure of £3.055m had been incurred to period 6. Some “re-phasing” (approx £150k) of spend on bus improvements and walking and cycling schemes has occurred since period 3.

- 6.6.2 The level of over programming in 2009/10 (the extent to which the cost of schemes programmed exceeds the annual resource allocation available) remains the same as reported to cabinet in Period 03 and is due to schemes being delayed into this year and bringing forward the completion of Humberstone Road Quality Bus Corridor and level access bus work. Any overspend at the end of the year will be a commitment on the 2010/11 resource allocation. It is anticipated that the spend will be considerably less than that currently reported however the cost of over programming will have been funded through corporate resources in 2009/10 until the 2010/11 allocation is received.
- 6.6.3 The **Capital Maintenance** programme includes works on Old Bow, Gwendolen Road and Palmerston Road bridges, Humberstone Road resurfacing, footways and street lighting. Works on the Old Bow and Gwendolen Road bridges are now complete. Work on Palmerston Road bridge and London Road carriageway have commenced. The commencement of the Humberstone Road resurfacing scheme has been delayed due to statutory undertakers work. The street lighting column replacement work is substantially complete. Expenditure at period 6 was £940k.
- 6.6.4 **Other H&T schemes.** Two spend to save schemes have been added (£178k) to the programme relating to the purchase of dimmer lights and more energy efficient lanterns for the street lighting stock.
- 6.6.5 **Regeneration** schemes include City Centre Projects, Growth Fund Schemes and the City Centre Development Programme giving a total approved programme for 2009/10 of £3.2 million. Following notification of a reduced Growth Fund allocation for 2010/11 grant allocations have been reduced or re-profiled. This equates to slippage of £475k and budget reductions of £527k on Growth Fund schemes. Part of the Curve budget transfer (see Culture below) has been allocated for the completion of the Granby Street element of City Centre projects.
- 6.6.6 Expenditure to the end of period 6 for this area was £1.1m.

## 6.7 Transport

### 6.7.1 Vehicle Replacement Programme

This is a programme to replace vehicles agreed with user sections for the forthcoming financial year. It is estimated that 113 vehicles will be purchased at an estimated total cost of £2.2 million during the financial year 2009/10. Actual expenditure to period 6 was £649k and relates to the purchase 30 vehicles. The Vehicle Replacement Programme is on schedule.

## 6.8 Culture Services

6.8.1 The original programme for Culture Services at period 3 totaled £15.54 million. Expenditure to the end of period 6 was £2.9m (19%).

6.8.2 The programme for 2009/10 is summarised in the table below:

Scheme	Approved Programme 2009/10 '£000's
Football Investment Strategy	8,000
Curve	2,068
Phoenix Square	3,028
New Parks Library	1,373
City Gallery Replacement	500
De Montfort Hall	135
Belgrave Hall Stable Block	129
Special Olympics 2009	100
New Walk Museum	86
Castle Options Appraisal	49
Other Culture Schemes	69
<b>Total Culture Services</b>	<b>15,537</b>

6.8.3 Key issues with the above programme are:

#### Football Investment Strategy

This is a major capital investment programme to improve football facilities at 7 sites across the City and provide 4 new or improved ball courts. The programme has been developed in partnership with the Football Foundation, Football Association, The Leicestershire and Rutland County FA, and NHS Leicester City.

There have been lengthy contract value negotiations with Willmott & Dixon but work has now commenced. Delays have also occurred in relation to the Aylestone Playing Fields site. As a result significant slippage of £2.5m is now anticipated.

#### Curve

The final account for construction has now been settled and the contractual retention will be paid by December 2009. This has enabled a budget transfer of £648k to be made to City Centre projects (£358k), Belgrave Hall Stable Block

(£140k) and for a grant to Leicester Arts Centre (£150k). The latter has facilitated a smooth transition from the old Phoenix Arts to the new Phoenix Square and enabled the old building to stay open longer than originally envisaged.

#### Phoenix Square

Construction is now complete. The fit out works, undertaken by Leicester Arts Centre and their sub contractors have commenced and were scheduled to be completed by the end of October 2009. A budget reduction of £750k relates to fit-out works which are now being funded directly by the De Montfort University rather than via the City Council. The official opening took place to great acclaim on 17<sup>th</sup> November and the building is now open.

#### New Parks Library and Community Centre

The project is on schedule and on budget. The main structure is now in place with block work, cladding and glazing complete. Internal finishes, mechanical and electrical services and external ground works will be completed over the next two months. Handover is on schedule for 18<sup>th</sup> December. A small amount of slippage (£100k) is anticipated relating to outstanding charges for furniture and equipment.

#### Replacement of City Gallery

The options for the development of the site were finalised in a report to Cabinet in August. The proposed scheme will now cost £2.44m. Construction has been delayed and consequently slippage of £270k is now anticipated.

#### De Montfort Hall

This is for the procurement of a box office system. Implementation will take place in early 2010.

### **6.9 Environmental Services**

- 6.9.1 The approved programme for Environmental Services related schemes is £967k. The significant projects within the Environmental Services programme include City Wide Allotment Strategy (£301k) and Tree Planting (£274k). Due to the longer than planned period for consultation with residents the tree planting scheme now anticipates slippage of £135k. Expenditure at the end of period 6 was £133k.

### **6.10 Planning and Economic Development**

- 6.10.1 The original programme for Planning & Economic Development was £2.23m. The main schemes are Ashton Green and Growth Fund Schemes. Cabinet approved the project plan for Ashton Green in January 2009 and the master planning consultancy team has been appointed and has commenced work. Expenditure to the end of period 6 on this scheme was £173k. Growth Fund schemes have been re-profiled as stated in para 6.6.5 above. The re-profiling reflects a budget transfer increase of £220k (relating to BUSM New Belgrave Community scheme) and slippage of £120k.

### **6.11 Personalisation and Business Support**



6.11.1 The programme for personalisation and business support of £172k contained two IT related projects within the Adults Social Care area. Due to the re-configuration of the in house home care services function one project will now slip to 2010-11. Whilst no expenditure has been incurred on the other as at period 6 (Electronic Social Care records project) full spend is anticipated in the year.

## 6.12 Older People Service

6.12.1 The programme of £310k relates to Elderly Persons Homes (EPHs) and to Intermediate Care facilities. Expenditure of £34k had been incurred at period 6. Slippage of £60k is now anticipated for EPHs relating to digital switch over work which will not be completed by the year end. Further slippage of £50k is anticipated relating to Intermediate Care due to on-going discussions between the City Council and the PCT as to the best way of progressing the project.

## 6.13 Safer and Stronger Communities

6.13.1 The programme totals £460k and includes work on Community Centres (£200k for six centres), Belgrave Neighbourhood Centre (£57k) and grant payments from the Safer & Stronger Communities fund (£132k). Expenditure of £109k had been incurred at period 6. It is anticipated that full spend will be achieved on all projects.

## 6.14 Community Care Services

6.14.1 The programmed spend of £180k relates to the use of Mental Health grant on a number of social inclusion and empowerment projects both in the statutory and voluntary sector. No expenditure has been incurred at period 6. Slippage of £50k is anticipated as there may not be enough organisations bidding for the grant.

## 6.15 Housing Services /Housing Strategy & Options

6.15.1 The Housing Services and Housing Strategy Divisions cover Housing Revenue Account and Housing General Fund schemes respectively. The overall approved Housing capital programme totals £29.2million with expenditure to period 6 of £8.2 million – 28% of the approved programme. The main reason for the % being lower than might be expected at period six relates to HRA schemes where delays have occurred due to changes in a number of contractors being used this year. Managers are confident that full spend will be achieved. Housing expenditure is financed from a combination of sources, including housing capital receipts. The target for usable capital receipts was £1.3m and at period 3 it was reported that this was unattainable and that steps would have to be taken to bring the General Fund element of the programme in line with funds available. A review of uncommitted schemes has taken place where expenditure can be deferred – a total of £192k has been identified and is shown as a budget reduction in Appendix A.

6.15.2 Since period 3 additional slippage of £2.175m has been declared. This primarily relates to delays in letting work for re-wiring contracts on Council dwellings (£1.25m) following a change of contractor, to the provision of loans for decent

homes in the private sector due to additional time needed to finalise legal arrangements (£450k) and to delays to the scheme for replacing the radio system and for mobile working (£175k).

## 6.16 Strategic Asset Management

6.16.1 A revised programme of £3.6m for Strategic Asset Management Schemes covers Accommodation Strategy and various property related projects. Expenditure at the end of period 6 was £1.4m. Progress on key schemes in the Strategic Asset Management capital programme is as follows:

6.16.2 **Accommodation Strategy** – the originally agreed programme of works covering work to B7, Sovereign House first floor and Greyfriars was completed in the summer. Welford House was vacated at the end of August following relocation of the bulk cash service to 10 York Road and the cash counters to A block reception. Work continues on planning the future of New Walk Centre and the Bishop Street Customer Service Centre with a target opening date for the latter in 2011.

6.16.3 **Bowstring Bridge** – Work commenced on the demolition of the bridge on 5<sup>th</sup> October. The contract period is 15 weeks and it is anticipated that full spend will occur within the financial year.

6.16.4 **Hamilton Footbridge** – The bridge is now open and provides a foot and cycle link over the ring road to the Hamilton Tesco centre. It has been constructed by the Hamilton trustees with Tesco also providing a contribution. The Council will make its required contribution when final costs have been agreed.

6.16.5 **Town Hall Restoration** – The external works to the Horsefair Street elevation and clock tower have been completed. The internal redecoration and improvement works now including the committee rooms on the first floor will be completed by the end of October/beginning of November 2009. As some schemes are finishing earlier than expected, £44,000 of funding will be brought forward for payments.

6.16.6 **Asbestos Surveys & Water Hygiene** – Cabinet approved a programme of Water Hygiene works on September 1<sup>st</sup>. totalling £345k. It is anticipated that this programme and that for asbestos survey work will complete on budget and within the financial year.

6.16.7 **Property Schemes** – In addition to the original programme of schemes (£402k) Cabinet approved a further programme of schemes totalling £700k on 1<sup>st</sup> September. £244k of the latter are anticipated for completion within 2009-10. Spend to the end of period 6 is relatively low due to delays in tendering procedures. However all works have now commenced.

6.16.8 **DDA** – The works to install the lift at New Parks Leisure Centre are due to be completed by 5<sup>th</sup> November. All other works are complete with seven awaiting final contractor's invoices.

## **6.17 Information and Support**

6.17.1 There is one approved project of £7k for the installation of Telly Talk stations (video conferencing facility). Suitable sites for installation are being identified and full spend is forecast.

## **6.18 Human Resources**

6.18.1 One scheme totalling £10k is included for works to enable disabled access within Administrative Buildings. Spend in the year is dependant on departments registering claims against the allocation. Based on previous experience, full spend is anticipated.

## **6.19 Financial Services**

6.19.1 The programme of £189k covers Resource Management System (RMS) project expenditure. The allocation had been fully spent at the end of period 6.

## **6.20 Assurance and Democratic**

6.20.1 The programme of £128k is to support the Ward community meetings in responding to suggestions for local improvements made by residents. The incidence of expenditure during the year is dependant on timing of the Community meetings, and the recommendations of the residents. At the end of period 6 no expenditure had been incurred. It is still anticipated that full spend will occur in the year.

## **6.21 Older Peoples Services**

6.21.1 The capital programme of £309,000 for Older Peoples Services covers Intermediate Care and Residential Care Home refurbishments schemes. Expenditure of £9,000 has been incurred to period 3.

6.21.2 Key schemes include the Intermediate Care facility at Butterwick House where discussions are still taking place with the Primary Care Trust (PCT) and the refurbishment of residential homes.

## **6.22 Community Care Services**

6.22.1 The approved capital programme of £180,000 covers one Mental Health Grant scheme to be spent on a number of projects in the statutory and voluntary sectors.

## **7 CAPITAL RECEIPTS**

- 7.1 The recession and in particular the subsequent effect on the commercial property market is having a serious effect on the Council's ability to raise capital receipts and thus finance the capital programme. Expectations were accordingly scaled down significantly when the programme was set. Nonetheless, even these targets are proving difficult to achieve.
- 7.2 Non-housing capital receipts of £220k have been realised at period 6 and it is estimated that a total of only £750,000 to £1,250,000 will be raised in the current financial year compared to a target of £2.3m. This, accordingly, will reduce the available resources for the corporate capital programme, and require the use of a prudential borrowing contingency (up to £2.245m) included when the capital programme was set.
- 7.3 The Housing usable capital receipts forecast was £1.3m. Housing expenditure is financed from a combination of sources, including housing capital receipts. At period 3 it was reported that only £143k of usable receipts had been generated from right to buy sales. Since then the target has been declared to be unattainable and steps were therefore required to bring the General Fund element of the programme in line with funds available. A review of uncommitted schemes has taken place where expenditure can be deferred – a total of £192k has been identified and is shown as a budget reduction in Appendix A. £500k of capital receipts were earmarked for corporate schemes – this contribution has now been written off.

## 8 CAPITAL MONITORING TARGETS

- 8.1 In October 2003 Cabinet agreed a performance target for capital expenditure of 90% of the original programme, excluding schemes where there is significant 3<sup>rd</sup> party involvement.
- 8.2 For programmes excluding those schemes with significant 3<sup>rd</sup> party involvement and additions or expenditure brought forward the latest forecast of expenditure by divisional officers is approximately 93% of the original programme. Any significant additional slippage that occurs up to the year end will threaten achievement of the 90% target.

## 9 PRUDENTIAL BORROWING

- 9.1 Details of schemes to be funded by prudential borrowing and the forecast level of expenditure for 2009/10 are shown on the next page:

<b>Approved Prudential Borrowing</b>	<b>2009/10 Original Estimate £000</b>	<b>2009/10 Latest Forecast £000</b>
<b>Corporately Funded</b>		
Property Maintenance	500	500

Curve	324	1424
Accommodation Strategy (CLABS)	5,749	1,042
City Centre Development Project (CCDP)	241	242
Digital Media Centre	2,796	1,570
Building Schools for the Future	2,200	2,200
Building Schools for the Future – TLE	0	500
LRC Schemes	1,109	1,109
Lewisher Road	160	160
Football Facilities	1,500	816
<b>HRA</b>		
Housing HRA – General	600	600
Housing Phase 1 – New Build	0	914
<b>Spend to Save</b>		
Resource Management Strategy	290	189
Hamilton Footbridge	81	81
Property Purchase	352	352
Vehicles in lieu of leasing	1,500	2,200
New Parks Library	0	80
Energy Saving Street Lighting	0	160
Saw Mill	0	32
Future Spend to Save	773	500
<b>Total Prudential Borrowing</b>	<b>18,175</b>	<b>14,671</b>

9.2 The Chief Finance Officer is permitted to approve Spend to Save schemes up to £250,000.

9.3 The cumulative level of prudential borrowing as a proportion of gross revenue expenditure is shown in the table over (this takes into account anticipated repayments):

<b>General Fund</b>	<b>Cumulative Unsupported Borrowing £000</b>	<b>Gross Revenue Expenditure £000</b>	<b>Cumulative Unsupported Borrowing as % of GRE</b>
2006/07 (actual)	19,572	746,743	2.6%
2007/08 (actual)	29,913	772,491	3.9%
2008/09 (actual)	53,417	779,889	6.9%
2009/10 (forecast)	56,464	785,289	7.19%
<b>Housing Revenue Account</b>	<b>Cumulative Unsupported Borrowing £000</b>	<b>Gross Revenue Expenditure £000</b>	<b>Cumulative Unsupported Borrowing as % of GRE</b>

2006/07 (actual)	20,487	64,051	32.0%
2007/08 (actual)	20,121	65,017	30.9%
2008/09 (actual)	19,246	69,057	27.9%
2009/10 (forecast)	18,972	72,925	26.0%

## 10 PRUDENTIAL INDICATORS

- 10.1 The latest forecast of performance in 2009/10 against approved indicators is shown in Appendix B.
- 10.2 In summary, the Council will not exceed any Prudential Indicators, which were set as limits on the council's activities. There will be variations between actual and expected performance on some indicators due to changes in the forecast level of capital expenditure.

## 11 CONSULTATION

- 11.1 All departments have been consulted in the preparation of this report.

## 12 FINANCIAL AND LEGAL IMPLICATIONS

- 12.1 The report is largely concerned with financial issues.
- 12.2 There are no direct legal implications arising from this report. Peter Nicholls, Director of Legal Services, has been consulted on this report.

## 13 OTHER IMPLICATIONS

Other Implications	Yes / No	Paragraph referred
Equal Opportunities Policy	No	-
Sustainable & Environmental	Yes	6.6 & 6.9
Crime & Disorder	No	-
Human Rights Act	No	-
Elderly People / People on Low Income	No	-

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<b>Key Decision</b>	No
<b>Reason</b>	N/A
<b>Appeared in Forward Plan</b>	N/A
<b>Executive or Council Decision</b>	Executive (Cabinet)

**2009/10 CAPITAL PROGRAMME**
**APPENDIX A**

Service Areas	Approved Programme	Full Year Forecast at Period 3	Additions	Budget Transfers/ (Reduction)	(Slippage)	Overspend/ Payments Brought Forward	Full Year Forecast Period 6	Payments to end of Period 6	Percentage of Spend compared to Forecast
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Social Care & Safeguarding	5,716	1,258					1,258	606	48%
Access, Inclusion & Participation	798	3,765	132		(1,300)		2,597	352	14%
Learning Environment	33,083	35,346			(3,499)	350	32,197	20,384	63%
Learning Services	1,416	2,905					2,905	1,452	50%
Highways & Transportation	13,372	15,688	198	(169)	(495)	(150)	15,072	5,505	37%
Transport Department	2,200	2,200					2,200	649	30%
Culture Services	15,537	15,537	28	(1,056)	(2,893)		11,616	2,933	25%
Environmental Services	967	967	16		(135)		848	133	16%
Planning and Economic Development	2,225	2,229		250	(120)		2,359	210	9%
Personalisation and Business Support	172	172			(71)		101	0	0%
Safer and Stronger Communities	460	460					460	109	24%
Older People Services	309	309			(110)		199	34	17%
Community Care Services	180	180			(50)		130	0	0%
Housing Services	24,437	24,467	429	(150)	(1,725)		23,021	6,024	26%
Housing Strategy and Options	5,383	5,383		(193)	(450)		4,740	2,213	47%
Strategic Asset Management	5,598	3,598	589			44	4,231	1,201	28%
Information and Support	7	7					7		0%
Human Resources	10	10					10		0%
Financial Services	189	189					189	189	100%
Assurance and Democratic	128	128					128		0%
<b>TOTAL</b>	<b>112,187</b>	<b>114,798</b>	<b>1,392</b>	<b>(1,318)</b>	<b>(10,848)</b>	<b>244</b>	<b>104,268</b>	<b>41,994</b>	<b>40%</b>

2009/10

PRUDENTIAL INDICATORS

	<b>Pd 3 Estimate</b>	<b>Latest Forecast</b>
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**AFFORDABILITY**

**Ratio of financing costs to net revenue stream**

Non - HRA	8.70%	7.36%
HRA	15.35%	11.73%

**Level of "unsupported" borrowing for the General Fund**

	£000	£000
Unsupported borrowing brought forward	53,417	47,660
New unsupported borrowing	18,731	13,157
Less unsupported borrowing repaid	<u>(4,139)</u>	<u>(4,353)</u>
Total unsupported borrowing carried forward	<u>68,009</u>	<u>56,464</u>

Some borrowing initially forecast for 2008/09 is now anticipated to be in later years.

**Level of "unsupported" borrowing relating to the HRA**

	£000	£000
Unsupported borrowing brought forward	19,647	19,647
New unsupported borrowing	600	600
Less unsupported borrowing repaid	<u>(890)</u>	<u>(874)</u>
Total unsupported borrowing carried forward	<u>19,357</u>	<u>19,373</u>

**Estimated incremental impact on council tax & average weekly rents of 2009/10 capital investment decisions**

	£	£
Band D council tax (£1,163.65)	0.00	0.00
HRA rent (£54.86)	0.01	0.01

**PRUDENCE**

**Level of capital expenditure**

	£000	£000
General Fund	95,701	81,247
HRA	<u>21,377</u>	<u>23,021</u>
Total	<u>117,078</u>	<u>104,268</u>



### Capital Financing Requirement

This measures the authority's underlying need to borrow for capital purposes.

	£000	£000
Non HRA	301,198	289,161
HRA	211,194	211,194

### General Fund Capital Financing Requirement split between unsupported and supported borrowing

	£000	£000
Supported Borrowing	233,189	232,697
Unsupported Borrowing	<u>68,009</u>	<u>56,464</u>
	<u>301,198</u>	<u>289,161</u>

### Authorised Limit

This is a statutory limit relating to external debt and is consistent with the authority's plans for capital expenditure and financing and with its treasury management policies.

The currently approved

### Operational Boundary

This is based on the same estimates as the Authorised Limit but reflects the Chief Finance Officer's estimate of the most likely level of debt.

The currently approved

## SUSTAINABILITY

### Upper limit on fixed and variable interest rate exposures, as a percentage of total debt net of investments

	%
Fixed interest rate	150
Variable interest rate	45

### Upper limits for the maturity structure of its borrowing

	%
Under 12 months upper limit	30
12 months & within 24 months upper limit	40
24 months & within 5 years upper limit	60
5 years & within 10 years upper limit	60
10 years & above upper limit	100

The upper limit for principal sums invested for more than 364 days is £90 million for 2009/10 and subsequent years.

### Lower limits for the maturity structure of its borrowing

Less than 5 years	5
Over 5 years	60