

Leicester  
City Council

## **MEETING OF THE CABINET**

**DATE: MONDAY, 9 MARCH 2009**  
**TIME: 1PM**  
**PLACE: TEA ROOM, TOWN HALL, TOWN HALL SQUARE,  
LEICESTER**

### **Members of the Cabinet**

Councillor Willmott (Chair)  
Councillor Osman (Vice-Chair)

Councillors Aqbany, Bhatti, Connelly, Cooke, Dempster, Draycott,  
Kitterick, and Wann

Members of the Cabinet are invited to attend the above meeting to  
consider the items of business listed overleaf.

for Town Clerk

### **MEMBERS OF THE PUBLIC:**

**YOU ARE VERY WELCOME TO ATTEND TO OBSERVE THE PROCEEDINGS.  
HOWEVER, PLEASE NOTE THAT YOU ARE NOT ABLE TO PARTICIPATE IN  
THE MEETING.**

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## **INFORMATION FOR MEMBERS OF THE PUBLIC**

### **ACCESS TO INFORMATION AND MEETINGS**

You have the right to attend Cabinet to hear decisions being made. You can also attend Committees, as well as meetings of the full Council.

There are procedures for you to ask questions and make representations to Scrutiny Committees, Area Committees and Council. Please contact Committee Services, as detailed below for further guidance on this.

You also have the right to see copies of agendas and minutes. Agendas and minutes are available on the Council's website at [www.cabinet.leicester.gov.uk](http://www.cabinet.leicester.gov.uk) or by contacting us as detailed below.

Dates of meetings are available at the Customer Service Centre, King Street, Town Hall Reception and on the Website.

There are certain occasions when the Council's meetings may need to discuss issues in private session. The reasons for dealing with matters in private session are set down in law.

### **WHEELCHAIR ACCESS**

Meetings are held at the Town Hall. The Meeting rooms are all accessible to wheelchair users. Wheelchair access to the Town Hall is from Horsefair Street (Take the lift to the ground floor and go straight ahead to main reception).

### **BRAILLE/AUDIO TAPE/TRANSLATION**

If there are any particular reports that you would like translating or providing on audio tape, the Committee Administrator can organise this for you (production times will depend upon equipment/facility availability).

### **INDUCTION LOOPS**

There are induction loop facilities in meeting rooms. Please speak to the Committee Services Officer at the meeting if you wish to use this facility or contact them as detailed below.

**General Enquiries - if you have any queries about any of the above or the business to be discussed, please contact Heather Kent in Committee Services on (0116) 229 8816 or email [Heather.Kent@leicester.gov.uk](mailto:Heather.Kent@leicester.gov.uk) or call in at the Town Hall.**

**Press Enquiries - please phone the Communications Unit on 252 6081**

## **PUBLIC SESSION**

### **AGENDA**

**1. APOLOGIES FOR ABSENCE**

**2. DECLARATIONS OF INTEREST**

Members are asked to declare any interests they may have in the business to be discussed and/or indicate that Section 106 of the Local Government Finance Act 1992 applies to them.

**3. LEADER'S ANNOUNCEMENTS**

**4. MINUTES OF PREVIOUS MEETING**

The minutes of the meeting held on 16 February 2009 have been circulated to Members and the Cabinet is asked to approve them as a correct record.

**5. MATTERS REFERRED FROM COMMITTEES**

**6. REPORT OF THE ENVIRONMENT AND SUSTAINABILITY TASK GROUP - EXTENDING DISTRICT HEATING AND COMBINED HEAT AND POWER IN CENTRAL LEICESTER**

**Appendix A**

Councillor Russell, Member of the Environment and Sustainability Task Group submits, on behalf of the Leader of the Task Group, a report that provides the findings of the Task Group investigation into the contract specification and performance criteria for the proposed new district heating and combined heat and power scheme. Cabinet is asked to support the recommendations in the report.

A minute extract from the meeting of the Overview and Scrutiny Management Board on 12 February 2009 is attached.

**7. EXTENDING DISTRICT HEATING AND COMBINED HEAT AND POWER IN CENTRAL LEICESTER**

**Appendix B**

Councillor Aqbany submits a report that reviews the options available at the end of Stage One of the Project for "Extending District Heating and Combined Heat and Power in Central Leicester", and describes the outcomes of each of these options in terms of impact on the City Council's objectives. Cabinet is asked to approve the recommendations as set out in Paragraph 3 of the report.

**A minute extract from the meeting of the Overview and Scrutiny Management Board on 5 March 2009 will be circulated as soon as it is available.**

8. **THE EMPTY HOMES STRATEGY - COMPULSORY PURCHASE OF 40 UPPINGHAM ROAD, 42 UPPINGHAM ROAD AND 22 OSMASTON ROAD** [Appendix C](#)

Councillor Aqbany submits a report that proposes that compulsory purchase orders are made on three long standing empty homes. Cabinet is recommended to make Compulsory Purchase Orders (CPO) under s17 Housing Act 1995 on the land and dwellings, as outlined in Appendix D of the report, in order to secure their improvement, proper management and occupation as residential dwellings; and to authorise the necessary capital expenditure from the Housing Capital Programme.

**Please note that the supporting information to the report contains exempt information and is attached for Members only, at the end of the agenda. These papers are marked 'NOT FOR PUBLICATION'. The information in these papers will be exempt as defined in paragraphs 1,2 and 3 of Part 1 of Schedule 12A of the Local Government Act 1972, as amended and it is considered that the public interest in maintaining the exemption outweighs the public interest in disclosing the information. The information therefore must not be disclosed or discussed at the meeting. Should Members wish to refer to any of these details it is recommended that the meeting move into private session.**

9. **CHILDREN AND YOUNG PEOPLE'S CAPITAL PROGRAMME 2009-10 TO 2011-12** [Appendix D](#)

Councillor Dempster submits a report that seeks approval for a 2 year 0-19 Integrated Capital Strategy. Cabinet is asked to approve the recommendations as set out in Paragraph 3.2 of the report.

**A minute extract from the meeting of the Overview and Scrutiny Management Board on 5 March 2009 will be circulated as soon as it is available.**

10. **DEDICATED SCHOOLS GRANT OUTTURN AND SCHOOLS BALANCES 2007/08** [Appendix E](#)

Councillor Dempster submits a report that provides details of the Schools Revenue Outturn 2007/08. Cabinet is asked to approve the recommendations as set out in Paragraph 3.3 of the report.

**A minute extract from the meeting of the Overview and Scrutiny Management Board on 5 March 2009 will be circulated as soon as it is available.**

11. **BUSM AFFORDABLE HOUSING - NEW GROWTH POINT FUNDING** [Appendix F](#)

Councillor Kitterick submits a report that indicates progress on a proposed

affordable housing scheme at BUSM at Ross Walk and recommends the inclusion of the New Growth Point funding allocation of £2 million in the Council's capital programme. Cabinet is requested to note this report and approve the inclusion of the New Growth Points funding of £2 million for the BUSM housing scheme in the Capital Programme over the 09/10 10/11 period.

**A minute extract from the meeting of the Overview and Scrutiny Management Board on 5 March 2009 will be circulated as soon as it is available.**

**12. ON-STREET PARKING - ANNUAL REPORT** [Appendix G](#)

Councillor Kitterick submits a report that informs Members of actual income and expenditure for 2007/08 and gives a breakdown of where surplus income was spent. Cabinet is asked to approve the recommendations as set out in Paragraph 3.1 of the report.

**13. CITY OF LEICESTER LOCAL PLAN: SAVED POLICIES** [Appendix H](#)

Councillor Kitterick submits a report that informs Members of the Secretary of State's Direction on the local plan policies that are saved beyond January 2009 and seeks Council endorsement of the changes to the adopted Local Plan. Cabinet is asked to note the Secretary of State's Direction and recommend that Council adopt the changes to the Local Plan.

**14. ESTABLISHMENT OF SUB-REGIONAL ECONOMIC DEVELOPMENT ARRANGEMENTS AND ECONOMIC DEVELOPMENT COMPANY** [Appendix I](#)

Councillor Kitterick submits a report that updates and seeks Cabinet approval to complete the establishment of the new sub-regional economic development arrangements (including emda Sub-Regional funding programme, Multi Area Agreement and Support Unit) and Leicester and Leicestershire Economic Development Company (EDC). Cabinet is asked to approve the recommendations in Paragraph 3 of the report.

**A minute extract from the meeting of the Overview and Scrutiny Management Board on 5 March 2009 will be circulated as soon as it is available.**

**15. PARTNERSHIP ARRANGEMENTS FOR PROVIDING CARE MANAGEMENT SERVICES FOR PERSONS WITH SUBSTANCE MISUSE PROBLEMS** [Appendix J](#)

Councillor Cooke submits a report that seeks Cabinet approval of setting up of revised community care assessments and care management services for persons with substance misuse problems. Cabinet is asked to approve the recommendations as set out in Paragraph 3 of the report.

**A minute extract from the meeting of the Overview and Scrutiny Management Board on 5 March 2009 will be circulated as soon as it is available.**

**16. PARTNERSHIP ARRANGEMENTS FOR DEPRIVATION OF LIBERTY SAFEGUARDS ASSESSMENTS** **Appendix K**

Councillor Cooke submits a report that seeks Cabinet approval for the setting up of a joint Deprivation of Liberty (DOL) Assessment Service which will be hosted by Leicestershire County Council. Cabinet is asked to approve the recommendations as set out in Paragraph 3 of the report.

**17. PARTNERSHIP ARRANGEMENTS FOR ADULT MENTAL HEALTH SERVICES** **Appendix L**

Councillor Cooke submits a report that sets out proposals regarding new Partnership Arrangements between Leicestershire Partnership NHS Trust (LPT), Leicester City Council, Leicestershire County Council and Rutland County Council for the provision of health and social care services for adults with mental health needs. Cabinet is asked to approve the recommendations as set out in Paragraph 2 of the report.

**Please note that additional documentation to the report contains exempt information and is attached for Members only, at the end of the agenda. This paper is marked 'NOT FOR PUBLICATION'. The information in this paper will be exempt as defined in paragraph 5 of Part 1 of Schedule 12A of the Local Government Act 1972, as amended and it is considered that the public interest in maintaining the exemption outweighs the public interest in disclosing the information. The information therefore must not be disclosed or discussed at the meeting. Should Members wish to refer to any of these details it is recommended that the meeting move into private session.**

**18. FAIR ACCESS TO CARE SERVICES, ACCESS, ELIGIBILITY AND PROVISION OF SOCIAL CARE SERVICES** **Appendix M**

Councillor Cooke submits a report that addresses the requirement to determine eligibility for services under the Government's guidance on Fair Access to Care Services (FACS). Cabinet is recommended to agree that the threshold of eligibility should continue to be placed at 'substantial' and 'critical' as indicated in Appendix 1 of the report.

**A minute extract from the meeting of the Overview and Scrutiny Management Board on 5 March 2009 will be circulated as soon as it is available.**

**19. PERFORMANCE REPORT FOR QUARTER THREE** **Appendix N**

Councillor Draycott submits a report that presents a summary of performance against the priorities set out in *One Leicester* for the third quarter of 2008/9. Cabinet is asked to approve the recommendations as set out in Paragraph 2 of the report.

**A minute extract from the meeting of the Performance and Value for Money Select Committee on 2 March 2009 will be circulated as soon as it is available.**

**20. UPDATE OF FINANCE PROCEDURE RULES** [Appendix O](#)

Councillor Willmott submits a report that informs Members of a revised version of Finance Procedure Rules that, subject to approval, will become operative from 1<sup>st</sup> April 2009. Cabinet is recommended to note the proposed changes to the Finance Procedure Rules.

**21. ASSET MANAGEMENT AND PROPERTY PORTFOLIO PERFORMANCE** [Appendix P](#)

Councillor Willmott submits a report that informs Members about current developments in Asset Management Planning, and the performance of the property portfolio including the level of required maintenance and progress to address it. Cabinet is recommended to note the contents of the report and support the ongoing development of Asset Management Planning in support of One Leicester and jointly with other partners where appropriate.

**22. LOCAL AREA AGREEMENT (LAA) ANNUAL REFRESH SIGN-OFF** [Appendix Q](#)

Councillor Willmott submits a report that presents background information on the first Annual Refresh of the Local Area Agreement (2008/11) and sets out the latest position on negotiations with Government Office for the East Midlands (GOEM) in advance of a final report seeking sign-off by Cabinet. Cabinet is recommended to agree to sign-off Leicester's revised LAA and if necessary agree that delegated powers are used to agree any outstanding issues prior to seeking sign-off by the Secretary of State for Communities and Local Government on 30<sup>th</sup> March.

**23. CORPORATE CAPITAL PROGRAMME 2009/10** [Appendix R](#)

Councillor Willmott submits a report that recommends updating the "corporate" capital programme for 2009/10 based on the Council's medium-term financial strategy. Cabinet is asked to approve the recommendations as set out in Paragraph 3.2 of the report.

**A minute extract from the meeting of the Overview and Scrutiny Management Board on 5 March 2009 will be circulated as soon as it is available.**

**24. 2008/09 CAPITAL PROGRAMME MONITORING – Appendix S  
PERIOD 9**

Councillor Willmott submits a report that updates Members on the progress of spending on the capital programme for 2008/09 up to the end of December (period 9), and the forecast spend to the end of the year. Cabinet is asked to approve the recommendations as set out in Paragraph 3.1 of the report.

**A minute extract from the meeting of the Performance and Value for Money Select Committee on 2 March 2009 will be circulated as soon as it is available.**

**25. REVENUE BUDGET MONITORING 2008/09 – PERIOD Appendix T  
9**

Councillor Willmott submits a report that shows a summary position comparing spending with the budget. Cabinet is asked to approve the recommendations as set out in Paragraph 3.1 of the report.

**A minute extract from the meeting of the Performance and Value for Money Select Committee on 2 March 2009 will be circulated as soon as it is available.**

**26. ANY OTHER URGENT BUSINESS**

**27. PRIVATE SESSION**

AGENDA

MEMBERS OF THE PUBLIC TO NOTE

Under the law, the Cabinet is entitled to consider certain items in private. Members of the public will be asked to leave the meeting when such items are discussed.

The Cabinet is recommended to consider the following reports in private on the grounds that they contain 'exempt' information as defined by the Local Government (Access to Information) Act 1985, as amended and consequently that the Cabinet makes the following resolution:-

“that the press and public be excluded during consideration of the following reports in accordance with the provisions of Section 100A(4) of the Local Government Act 1972, as amended, because they involve the likely disclosure of 'exempt' information, as defined in the Paragraphs detailed below of Part 1 of Schedule 12A of the Act and taking all the circumstances into account, it is considered that the public interest in maintaining the information as exempt outweighs the public interest in disclosing the information.

Paragraph 1

Information relating to any individual.



Paragraph 2

Information which is likely to reveal the identity of an individual.

Paragraph 3

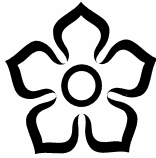
Information relating to the financial or business affairs of any particular person (including the authority holding that information).

REDEVELOPMENT OF THE EXCHANGE AT EYRES MONSELL

**28. REDEVELOPMENT OF THE EXCHANGE AT EYRES MONSELL**      **Appendix B1**

Councillor Kitterick submits a report.





Leicester  
City Council

**OVERVIEW AND SCRUTINY MANAGEMENT BOARD  
CABINET**

**12th FEBRUARY 2009  
9 MARCH 2009**

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**Report of the Environment and Sustainability Task Group – Final Report**

**“Extending District Heating and Combined Heat and  
Power in Central Leicester”**

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**Report of Councillor Corral, Task Group Leader**

**1. Summary**

- 1.1 This report provides the Overview and Scrutiny Management Board with the findings of the Environment and Sustainability Task Group investigation into the contract specification and performance criteria for the proposed new district heating and combined heat and power scheme. The decision to proceed with the scheme was made by Cabinet in July last year.
- 1.2 The Task Group was set up to address a number of issues and concerns raised by the Overview and Scrutiny Management Board prior to the Cabinet meeting. These issues were subsequently developed into the terms of reference of the review.
- 1.3 A project Manager has been appointed to investigate the best options for procurement for the Council and they will submit a report to Cabinet soon on what the Council will “buy” before expressions of interest are formally sought from the market. The Project Manager is currently undertaking a soft market testing exercise in order to secure responses from the market prior to the specification and contract stage.
- 1.4 The Task Group has worked positively with the Project Manager, who has found the issues raised during the review useful. The timing of the review has also been helpful, as it will enable the Overview and Scrutiny Management Board to make recommendations to Cabinet simultaneous to them receiving the Project Manager’s report

**2. Recommendations**

The Overview and Scrutiny Management Board is asked to endorse the following recommendations.

- 2.1 That the consultation with tenants be reported to the Overview and Scrutiny Management Board to include proposed methodology, timeline and results.
- 2.2 That individual metering for council tenants should be included as part of the scheme.
- 2.3 That the eventual contract should not specify a particular fuel but should be written in such a way that performance standards encourage year on year reductions in CO<sub>2</sub> emissions.
- 2.4 That further work should be carried out by officers to explore the issue of carbon credits.
- 2.5 That the eventual contract should strike a balance between affordable warmth, price and reduction in CO<sub>2</sub> emissions.
- 2.6 That further work should be carried out by officers to see whether there was value in connecting the scheme with the Council's refuse collection and waste recycling process.
- 2.7 That bonds should not be used in the development of the scheme.
- 2.8 That the scheme should incorporate the Aikman Avenue and Beatty Avenue systems.
- 2.9 That lessons and good practice should continue to be learned from other exemplar projects such as Birmingham.
- 2.10 That further work should be carried out by officers to consider the best options for Leicester in terms of profit retention and the return of assets at the end of the contract.

### **3. Description of the scheme.**

- 3.1. The scheme, which would be an extension and development of the city's existing district heating scheme, is shown in appendix A. The scheme will bring together existing and new corporate estate and other external users and is proposed as two projects.
- 3.2. Project 1 network would link together the current district heating networks on St. Marks, St. Matthews, St. Peters and St Andrews. Including the Aikman Avenue and Beatty Avenue systems, Project 1 would supply 2,879 Council tenants. The network would run outside the inner ring road along the eastern and southern edge of the city centre and incorporate Leicester Prison and Leicester University. It is envisaged it would start in 2010.
- 3.3 Project 2 would run to the west of the city centre, largely along the inner ring road, completing the circle. Further pipe work would be to the east of the city centre, but within the ring road. Project 2 offers opportunities for many regeneration projects, but presents considerably higher economic risks than Project 1. It may not start until some time around 2015.

3.4 The local simultaneous production of electricity and heat derived from CHP is much more fuel efficient when compared with grid sourced electricity and individual gas boiler use and therefore provides savings in fuel and carbon emissions. It is expected that a CHP scheme will need around 37% less energy. Whilst the scheme will initially be gas fired the essential auxiliary boilers can utilise renewable fuels and could be so adapted in the medium term. The cost of delivery of Project 1 is estimated to be £10.25 million and Cabinet agreed that this should be delivered by a private sector Energy Service Company (ESCO).

#### **4. Membership of the Task Group**

4.1 The members of the Task Group were Councillors Corrall (Chair), Hall, Newcombe, Russell and Shah,

4.2 The Task Group was supported by the following:

Nick Boothe	Principal Accountant, L.C.C.
Ann Branson	Service Director, L.C.C.
Joanna Bunting	Head of Commercial and Property Law, L.C.C.
Richard Bull	Research Assistant, Institute for Energy and Sustainable Development, De Montfort University.
Evan Davies	Pollution Team Manager, L.C.C.
Professor Paul Fleming	Assistant Director, Institute for Energy and sustainable Development, De Montfort University.
Alan Gledhill	Environment Consultant, L.C.C.
Dave Pate	Service Director, L.C.C.
Nick Morris	Head of Energy Services, L.C.C.
Neville Stork	Head of Sustainability, L.C.C.
David Taylor	Interim Service Director, L.C.C.
Deborah White	Project Manager, L.C.C.

#### **5. Terms of reference.**

5.1 The terms of reference for the review were:

1. To consider the options for the specification;
2. To consider the following points raised by OSMB:
  - the bonds issue
  - tenancy issues
  - metering issues
  - environmental implications in relation to One Leicester

## **6. Method of Investigation**

- 6.1 The Task Group met on six occasions when expert opinion was sought from Council staff and colleagues from De Montfort University. The items covered at each of the meetings was as follows:

Meeting 1 - terms of reference, methodology and scheduling elements.

Meeting 2 - tenancy and metering issues.

Meeting 3 - environmental issues.

Meeting 4 - bonds issues.

Meeting 5 - conclusions.

Meeting 6 - final report.

- 6.2 In addition some of the Task Group, accompanied by Council Officers, visited Birmingham City Council on Friday 21 st November. The purpose of the visit was to see first hand the CHP scheme in Birmingham and to speak to Councillors, Officers and staff from Utilicom (Birmingham's ESCO) about their experiences and what could be learned.

## **7. Findings**

### **7.1 Tenancy issues**

- 7.1.1 The Task Group were initially concerned that the incoming supplier would be in a monopolistic position, leaving council tenants with no choice and unable to influence prices. However it is now understood that this is the same position that the tenants are currently in as users of district heating and that contract negotiations would ensure there is some element of price protection and stability for them. It was also noted that as more organisations bought into the scheme there was a greater chance for prices to be reduced.

- 7.1.2 There is an intention to appropriately consult tenants on the potential disruption of installing the system, particularly meters, and that it was anticipated that most households would incur a disruption of about one hour only. The issue of consultation will be one of the first to be addressed and resident representatives have been invited to sit on the Project Board with contractors. The Task Group have asked that the consultation methodology, including a detailed timeline be made available to the Overview and Scrutiny Management Board when it is ready followed by the consultation results.

- 7.1.3 Those tenants wishing to exercise their "right to buy" would have to agree to continue to use the system within the purchase contract. Similar arrangements would apply to existing leaseholders.

### **7.2 Metering issues**

- 7.2.1 Currently council tenants pay for their hot water via a flat charge incorporated with their rental agreement. Although the installation of meters was put out to tender in April 2006, the cost of £5.7 million (to include Aikman Avenue and Beatty Avenue) meant the decision to select a contractor was postponed.

The possibility of including metering in the wider district heating and CHP scheme then resulted in the metering project being discontinued.

- 7.2.2 The present flat rate charge system means there is no incentive on the part of tenants to reduce consumption or carbon dioxide emissions. Metering is therefore essential to meet the schemes objectives of providing “affordable and controllable heat and reducing CO<sub>2</sub> emissions”, and the Task Group feels that this should not be at the disadvantage of the Council and its tenants.
- 7.2.3 The implications of metering i.e. installation costs, potential disruption, heat cost savings and CO<sub>2</sub> reductions currently being explored by the Project Manager with suppliers via a soft marketing exercise.

### 7.3 Environmental Issues in relation to One Leicester

- 7.3.1 It was noted that Project 1 could reduce CO<sub>2</sub> by 7,300 tonnes per year in total, of which 4,300 tonnes is estimated to be saved from the LCC building emissions. This represents over 13% reduction on current Council building emissions (NI 185) and 0.37% for the City. Project 2 could see further reductions of 5,800 tonnes per year, about 15% when compared with the alternative conventional energy supply to these buildings. This would reduce the city’s emissions by a further 0.3%.
- 7.3.2 The scheme would initially be based on natural gas but there is scope in the medium term and long term to convert to renewable forms of energy as they become more available, offering more carbon reductions and potentially more energy security. Gas is currently favourable to other fuels in terms of affordable warmth and the infrastructure is already in place. The most appropriate contract would not specify a particular fuel but instead incorporate performance specification to continuously reduce CO<sub>2</sub> emissions. This would encourage the contractor to invest in new fuel technologies as they emerged.
- 7.3.3 The Task Group discussed the developing agenda around carbon credits extensively and in particular whether it should be the Council or the ESCO who should hold the carbon credits. It was noted that although carbon credits were a good incentive by which to implement new schemes and cut emissions, if the Council owned the credits this would not encourage the ESCO to develop further carbon reduction technology. Alternatively if the ESCO owned the credits then the Council would not gain the financial benefits.
- 7.3.4 The level of CO<sub>2</sub> reductions would have to be balanced against the provision of warmth and price in determining the best value for money contract.
- 7.3.5 The Task Group considered the viability of using fuels derived from the city’s refuse and that interested companies could be made aware of this aspect.

## 7.4 Bonds and related issues

- 7.4.1 Given the set-up costs of c. £100,000 along with additional underwriting costs, the minimum recommended amount of a large scale institutional bond is around £100 million and therefore does not fit with the Project.

A smaller retail bond may be more viable at around £1 million over any period taking in to account the following:

- It is complex to set up and has one-off administration costs and ongoing running costs.
- The full amount would need to be underwritten by the City Council
- Clarification of the Council's position would need to be sought from the Financial Services Authority (FSA) potentially incurring additional legal costs.
- To ensure that the bonds issue would be viable it is recommended that tranches would be set at a minimum amount of £5,000.

It was therefore felt that issuing bonds would not serve to meet the underlying objectives as:

- It would not provide the Council with any say in the "Company" and would therefore not provide any safeguards for tenants in terms of the "monopoly" position or pricing – this would however be addressed by the contract.
- There is not a current requirement to raise funds for investment in the project.
- The £5,000 minimum amount would, in all likelihood, exclude affected tenants and residents from investing.

## 7.5 District Heating Management Issues.

- 7.5.1 The original current proposals excluded the district heating systems at Aikman Avenue and Beatty Avenue for technical and connectivity reasons. However there is concern that if the rest of the existing system were passed to a new contract then the Council would not have the capacity to maintain these two systems. In addition the pipe work in Aikman Avenue is ready for replacement. The Task Group was also concerned that if the Aikman Avenue and Beatty Avenue networks were left out of the scheme then the tenants there would be disadvantaged.

## 7.6 Birmingham District Energy Scheme.

- 7.6.1 The Task Group visited the scheme based around Broad Street, which is operated by Birmingham District Energy Company Ltd. The Birmingham District Energy Company Ltd is an ESCO and is a wholly owned subsidiary of Utilicom, which is the UK's leading developer of sustainable district energy schemes.

- 7.6.2 The initial Broad Street customers include the International Conference Centre, the National Indoor Arena, The Town Hall, the Council House, Hyatt



Regency Hotel, Paradise Circus, the REP Theatre and Aston University. As well as providing electricity and hot water the scheme also provides chilled water for air conditioning and cooling purposes. The scheme is notably different from that proposed for Leicester in that there are no domestic buildings in the network.

7.6.3 The Broad Street scheme is well suited to transfer to alternative fuels as they develop, as the generating house is located on a canal thereby allowing the easy and energy efficient transport of fuels such as woody biomass. Birmingham City Council has carried out an audit to establish the extent of renewable woody biomass within its border and surrounding area.

7.6.4 Through the Birmingham contract the Council retains a share of the profit and at the end of the 25-year contract the ownership of the infrastructure returns to the city. It was noted however that Birmingham had experienced difficulty in respect of its contract whereby it had to re enter a completely new procurement process when it wanted to add additional buildings to its network, as it had not included them in its original OJEU (Official Journal of the European Union) notice.

## 8. CONTACT

Councillor Stephen Corral, Task Group Leader

Tel: 39 8855 (internal) (external) 07966 629285

Email: [stephen.corral@leicester.gov.uk](mailto:stephen.corral@leicester.gov.uk)

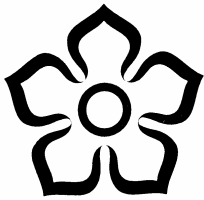
Steve Letten, Member's Support Officer

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Email: [steve.letten@leicester.gov.uk](mailto:steve.letten@leicester.gov.uk)

<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)





Leicester  
City Council

## MINUTE EXTRACT

### Minutes of the Meeting of the OVERVIEW AND SCRUTINY MANAGEMENT BOARD

Held: THURSDAY, 12 FEBRUARY 2008 at 5.30pm

#### P R E S E N T :

Councillor Mugglestone– Vice-Chair  
Councillor Westley - Vice-Chair

Councillor Bajaj (for Cllr J. Blackmore) Councillor Corrall  
Councillor Hall Councillor Joshi  
Councillor Naylor Councillor Russell  
Councillor Suleman

#### Co-opted Members

Mr Mohammed Alauddin Al-Azad – Parent Governor

#### Standing Invitees

Rebecca Barrow Youth Representative

#### Also In Attendance

Councillor Dempster Cabinet Lead Member for Children,  
and Schools.

### **1. APOLOGIES FOR ABSENCE**

Apologies for absence were received from Councillors J. Blackmore and Follett.

### **2. DECLARATIONS OF INTEREST**

Members were asked to declare any interests they may have in the business on the agenda, and/or indicate that Section 106 of the Local Government Finance Act 1992 applies to them.

Councillors Joshi and Westley personal interests in Appendix J, 'Report of the Environment and Sustainability Task Group – Final Report Extending District Heating and Combined Heat and Power in Leicester' they both had relatives who were Council tenants.

**15. REPORT OF THE ENVIRONMENT AND SUSTAINABILITY TASK GROUP - FINAL REPORT "EXTENDING DISTRICT HEATING AND COMBINED HEAT AND POWER IN LEICESTER"**

Councillor Corral, Task Group Leader Environment and Sustainability submitted a report that provided the Board with the findings of the Environment and Sustainability Task Group investigation into the contract specification and performance criteria for the proposed new district heating and combined heat and power scheme.

Councillor Corral thanked all members, officers and expert partners who took part in the task group investigation.

RESOLVED:

That the recommendations of the Task Group be endorsed.

**WARDS AFFECTED: ABBEY, LATIMER, SPINNEY HILLS, CASTLE, STONEYGATE**

FORWARD TIMETABLE OF CONSULTATION AND MEETINGS:

**OSMB  
CABINET**

**5<sup>TH</sup> MARCH, 2009  
9<sup>TH</sup> MARCH 2009**

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**EXTENDING DISTRICT HEATING AND CHP IN CENTRAL LEICESTER**

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**REPORT OF INTERIM CORPORATE DIRECTOR, ADULTS & HOUSING**

**1.0 PURPOSE OF REPORT**

- 1.1 To review the options available at the end of Stage One of the Project for “Extending District Heating and Combined Heat and Power in Central Leicester”, and to describe the outcomes of each of these options in terms of impact on the City Council’s objectives.
- 1.2 To highlight the Key Parameters of the Project and make recommendations on a way forward that will ensure development of a successful scheme and achievement of objectives.
- 1.3 To explain the role of the City Council as Project enablers for the City and the relationship with and the approach of the other partners / senior users - the University and Prison - in developing the proposal and tendering for the service.
- 1.4 To seek a decision to proceed to Stage Two of the Project, i.e. the procurement stage of the scheme, including authorising the release of the remaining £300,000 from the provision of £400,000 for combined heat and power, approved as part of the corporate capital programme by Council on 27<sup>th</sup> March 2008.
- 1.5 To provide a planned timetable for Stage Two of the Project (see Appendix 4).

**2.0 SUMMARY**

- 2.1 Cabinet decided on 14<sup>th</sup> July 2008 to proceed with a private sector led approach as the preferred delivery mechanism as it will ensure an expertly run scheme that will

deliver the required outcomes yet will minimise capital and ongoing operating costs as well as risk to the Council.

2.2 The Council's objectives for this Project are:

- To provide affordable, reliable and controllable heat to a number of Council and residential buildings and other senior users
- To reduce carbon emissions for the Council and the City, contributing towards achievement of One Leicester objectives with the ambition to transform Leicester in to Britain's Sustainable City over the next 25 years
- To establish a secure and sustainable energy supply (anticipated to be through identification and development of renewable fuels)
- To have the potential to expand the benefits to users not currently identified in the feasibility study, enabling them to connect to the network, contribute to carbon reduction in Leicester - providing an opportunity for extended partnership working.

2.3 The Project is also expected to reduce the cost to the end user(s) by ensuring that the unit price of heat is equal to or lower than the comparative market rate, thus contributing to a reduction in fuel poverty.

2.4 In July Cabinet specifically asked that officers explore:

- Whether or not it is more efficient to procure individual meters as part of the same process, whilst ensuring that this does not jeopardise the viability of the scheme
- The extent to which the Project 2 is incorporated within the approach to the market, without making any form of pre-commitment at this stage.

2.5 A Scrutiny Task Group was set up to consider specific points raised by OSMB with a view to making recommendations to OSMB relating to bonds, tenants and metering, along with environmental implications in relation to One Leicester.

### **3.0 RECOMMENDATIONS**

3.1 To agree that the Interim Director of Adults and Housing should follow EU procurement procedure and seek tenders using the Competitive Dialogue process to extend district heating and combined heat and power in Central Leicester (see Appendix 1 and 2) in order to achieve the Council's objectives as described in this report.

3.2 To approve the recommendations for addressing each of the Key Project Parameters (Section 4.16) that will be used to inform officers' negotiations during the tender process.

3.3 That Cabinet authorises the release of the remaining £300,000 from the provision of £400,000 for combined heat and power, approved as part of the corporate capital programme by Council on 27<sup>th</sup> March 2008.

3.4 That Leicester City Council acts as enabler for the City and the role of the University of Leicester and HM Prison Leicester will be as senior users.

### **4.0 REPORT**

## **The Leicester Project - Objectives and Benefits**

- 4.1 Whilst the Key Parameters of the scheme as set out in Section 4.16 may be subject to negotiation, the indicative scheme will require that any supplier must be able to achieve the following Project objectives:
- To provide affordable, reliable and controllable heat to a number of Council and residential buildings and other senior users
  - To reduce carbon emissions for the Council and the City, contributing towards achievement of One Leicester objectives with the ambition to transform Leicester into Britain's Sustainable City over the next 25 years
  - To establish a secure and sustainable energy supply (anticipated to be through identification and development of renewable fuels)
  - To have the potential to expand the benefits to users not currently identified in the feasibility study, enabling them to connect to the network, contribute to carbon reduction in Leicester - providing an opportunity for extended partnership working.
- 4.2 In addition, it is anticipated that the Project will contribute to reducing fuel poverty by reducing the cost to the end user(s) by ensuring that the unit price of heat is equal to or lower than the comparative market rate, thus contributing to a reduction in fuel poverty.
- 4.3 A private sector led approach with supplier responsibility for design, build, finance and operation of the scheme means that cost and risk to the City Council will be minimised.

### **Reducing Our Carbon Footprint**

- 4.4 It is the vision of the Council and Leicester Partnership to transform Leicester into Britain's Sustainable City over the next 25 years. One of the priorities for action is to "Reduce our Carbon Footprint", with a focus on reducing the City's CO<sub>2</sub> emissions from the 1.983 million tonnes generated in 2004 to 1.6 million tonnes - an overall reduction of 383,000 tonnes by 2013. With Project 1 not predicted to be operational before 2012, only a proportion of the (7300 tonnes per annum) CO<sub>2</sub> emissions reductions anticipated from Project 1 will be realised in time to contribute towards this 5 year outcome.
- 4.5 The scheme will contribute to the City of Leicester's climate change objectives of a 50% reduction in CO<sub>2</sub> by 2025 (a target reduction of a further 834,000 tonnes). The Project as proposed will reduce City carbon emissions by a predicted minimum level of 13,100 tonnes per annum representing around 1.6% of the 2025 target.
- 4.6 The Council has a target to reduce its own emissions by 50% by 2025. The proposed scheme for central Leicester is anticipated to reduce the Council's own emissions (NI 185) by 13-15% (based on 2006 figures) and offer the same opportunity to the University of Leicester, Leicester Prison and any other public and/or private organisations wishing to join the network.
- 4.7 CHP provides the foundation for an ongoing and increasing reduction of CO<sub>2</sub> over time, initially reducing in line with increased efficiency of the system, and in future,

the use of renewable fuels or inputs would provide significantly larger carbon savings. Emissions would reduce further as additional users join the City scheme.

4.8 The Project will also make a contribution to the following:

- Reduction of per capita CO2 emissions in Leicester (NI 186) estimated at 0.3%
- Helping the City Council and the private sector prepare for beyond January 2010 when large energy users will need to comply with the mandatory Carbon Emissions Trading Scheme, designed to offer direct financial incentives to reduce energy use
- Supporting the private sector and Regeneration Area initiatives to comply with Local Plan requirements on energy.

### **Resilient (Renewable) Energy Supplies**

4.9 With a forthcoming power shortage being forecast by some commentators, the introduction of an energy-efficient CHP scheme in the City alongside a contractual obligation for any supplier to work toward establishing a sustainable energy resource through development of renewable fuels will give some resilience in the security of energy supplies.

### **Scheme Expansion**

4.10 The ability to expand the scheme in future to include other senior users and potential new customers will provide an opportunity for substantially increased carbon reductions giving widespread environmental benefits to the City and providing an opportunity for extended partnership working. The Council may be able to negotiate receipt of a profit share for all new connections to the network.

### **Other Drivers**

4.11 Predicted fuel shortages; rising fuel costs; and an environmentally-focused Government agenda has resulted in a number of public and private sector institutions implementing district heating schemes using proven CHP technology to provide both environmental and cost benefits to users.

4.12 Following recent rises in the cost of purchasing gas for district heating the ability to provide controllable heat through the installation of meters in individual properties as part of the Leicester Project has become increasingly desirable.

### **Soft Market Testing**

4.13 With a view to gaining a better understanding of the market, and to support the development of a viable specification, a soft market testing exercise was conducted. Officers met with companies experienced in delivering district heating and CHP projects that would be capable of providing the service on a Design, Build, Finance and Operate basis, discussing company suggestions for the most effective approach to deliver a successful scheme.

### **Role of Leicester University and HM Prison**



4.14 Senior users have played an active role in Stage One and commitment to the scheme is ongoing. The role of the University of Leicester and HM Prison Leicester are as senior users / purchasers of heat and will therefore have separate heat supply agreements with the ESCo.

**Tender Process**

4.15 The Council has appointed Specialist Consultant Michael King to advise on the procurement process, including specification and the selection process. The specification is currently being developed to include targets and performance/service level criteria, i.e. an outline of the tender document, along with the selection and evaluation criteria that will be utilised in order to select the preferred supplier.

**Key Parameters**

4.16 The Key Project Parameters are set out in this section with recommendations as to how officers should proceed with negotiations as part of the “competitive dialogue” process. This report (see Section 1.2) seeks Cabinet approval to these recommendations.

Key Parameter	Initial Requirements	Potential Implications	Recommendation
Ownership of the ESCo, including shareholding / partnering / co-operation opportunities	LCC does not plan to provide funding but may consider a share in the scheme provided there is no risk transfer. LCC wants to ensure tenants are protected (price / service quality).	Any LCC share in the scheme would require financial investment and involve financial and political risk for the Council, yet may not necessarily provide LCC with any influence over decisions. The Council may be able to negotiate a risk-free “profit share” with the preferred supplier.	The ESCo should be wholly owned by the supplier, along with responsibility for design, delivery, finance and operation of the scheme (and its associated risk). LCC will ensure that the contract terms provide protection for tenants / users. LCC should negotiate the establishment and membership of a “Committee or Board” that reviews / approves the initial approach; ongoing operations; along with scheme progress / expansion and development. LCC should consider negotiating a price package that ensures that the scheme assets wholly revert to LCC ownership at the end of the contract period to enable retendering.
Timetabling and	LCC requires	Some suppliers may	Commencement of the

<p>phasing of Project 1 &amp; Project 2 and approach to delivery (including the route) of the CHP “network” – see details in Appendix 1 and 2</p>	<p>guidance on whether to procure Project 1 &amp; the more speculative Project 2 at the same time.</p>	<p>not consider making a commitment to deliver Project 2 due to its speculative nature. Should LCC decide to follow a separate procurement process for Project 2, in addition to the impact on the cost of procurement, there is a possibility that the City scheme could be designed, delivered, financed and operated by more than one supplier.</p>	<p>supplier design and installation of Project 1 should remain planned for March / April 2010. Project 2 should be incorporated within the approach to the market (without any form of pre-commitment) ensuring that it is not precluded from negotiations, and allowing the final phasing and delivery decision to form part of “competitive dialogue” with suppliers. The route of the “network” and order of connections should also remain open and form part of the “competitive dialogue” process, and to be determined by achievement of carbon reduction targets and opportunities presented by heat loads.</p>
<p>The term of the contract</p>	<p>Contract terms from 20 to 30 years have been considered, although LCC has no specific requirements.</p>	<p>It is likely that the contract term will be influenced by the level of investment required and rate of return available to the supplier, i.e. the commerciality of the Project.</p>	<p>The term of the contract should be subject to the “competitive dialogue” process with suppliers, likely to be between 20 and 30 years.</p>
<p>Requirement that the preferred supplier make a commitment to use “renewable” fuels.</p>	<p>One of the objectives of the Project is to establish a secure and resilient and sustainable energy supply (likely to be through identification and development of renewable fuels).</p>	<p>Changes in emissions (and air quality) targets and related incentives, along with technological advances mean that should LCC stipulate the use of specific (and potentially unproven) renewable fuels there is a possibility that such inflexibility may become restrictive in terms of a supplier’s ongoing ability to reduce emissions.</p>	<p>The terms of the contract should ensure that the supplier must commit to achieving specific, measureable increasingly challenging targets for reducing CO2 emissions.</p>
<p>Inclusion of metering</p>	<p>LCC decided to review “whether or not it is</p>	<p>The inclusion of metering as part of the</p>	<p>The provision of meters in individual residential</p>

	<p><i>technically more efficient to procure individual meters as part of the same process, whilst ensuring that this does not jeopardise the fundability of the scheme".</i></p> <p>Initial estimates for metering stand at around £6 million – expected to be rolled in to revenue costs.</p>	<p>scheme to be financed by an external supplier is likely to reduce the appeal of the Project and, in some cases, the financial viability of the Project (as it will increase the required capital outlay whilst reducing consumption by approximately 12%).</p> <p>The cost of providing metering may result in less favourable pricing for LCC users/tenants, i.e. whilst cost savings compared to market prices are to be guaranteed, the level of available savings may be reduced.</p> <p>Including metering as part of the Project could save LCC a substantial capital outlay (£6m). It will provide tenants with both “affordable and controllable heat” and that is a very important consideration.</p>	<p>properties should be agreed as an integral part of the Project to ensure that tenants will have control over their heating bills.</p> <p>Given the impact on project viability due to reduced consumption, along with the potential impact on the price / cost of heat due to an increased level of capital investment, the approach to and timing of the installation of residential meters should remain subject to “competitive dialogue”.</p> <p>Metering should be included in the OJEU notice as a “mandatory variant”, i.e. suppliers should present their tenders to show a bid with meters and a bid without.</p>
<p>Pricing policies and approach to billing &amp; retailing heat</p>	<p>LCC prefers that the supplier of heat provides billing and customer service directly to each individual consumer, although LCC will want to ensure that vulnerable users have a certain level of “protection”.</p>	<p>Whilst some suppliers may prefer to bill LCC, with LCC retaining the role as the retailer of heat, others will be comfortable managing the direct billing function.</p> <p>Direct billing by the heat supplier could result in a requirement for less “smart” and therefore less expensive meters, thus reducing the burden of cost on the Project.</p>	<p>The tender document should stipulate that LCC prefers that any supplier assumes responsibility as a retailer of heat and provides billing direct to residential and non-residential consumers, although their approach in certain areas, e.g. pricing and debt management policy should be approved by LCC (via the Committee or Board) and be subject to contractual obligations.</p>
<p>Valuation and transfer of existing district heating assets to the supplier</p>	<p>Transfer of existing district heating assets has been considered although LCC has no</p>	<p>It is anticipated that ownership of the existing district heating plant / assets</p>	<p>LCC should regard the existing district heating schemes as assets in return for which they</p>

	specific requirements.	will be transferred to the supplier for the term of the contract in return for a consideration.	should receive a consideration. The most appropriate consideration, e.g. profit share; capital sum; metering; price subsidy; should be finalised as part of the “competitive dialogue”.
Inclusion of Aikman Avenue & Beatty Avenue as part of Project 1	Although neither New Parks nor Beatty Avenue district heating schemes were included in the Project approval, LCC require that their inclusion be considered by suppliers.	Geographical location of both Aikman Avenue & Beatty Avenue boiler houses dictates that they are not to be connected to the City CHP network, although their inclusion is unlikely to have a negative impact on Project viability. The approach to operating Aikman & Beatty Avenues may vary, with some suppliers potentially proposing to operate and manage “as is” and others that may view the “satellite” schemes as an opportunity to develop a secondary CHP network outside of the city.	Aikman Avenue and Beatty Avenue boiler houses, along with the associated heat consumption and requirement for tenant metering, should be included as part of Project 1. The approach to ongoing management of Aikman & Beatty Avenue schemes should remain subject to “competitive dialogue”.
Consideration of issuing bonds	Consideration to be given to issuing bonds with a view to enabling local involvement in the Project and potential to “have a say” in the management of the scheme to ensure consumer protection.	With the minimum recommended bond value being tranches of £10,000 it is unlikely that the local community would be able to participate. Despite the possibility of raising funds to the value of £1 million via a bonds issue, this level of investment would not provide LCC with a “stake” in the Company and the ability to protect tenants – this is the role of the contract. LCC would be required to underwrite the full value of the bonds issue.	The idea of issuing bonds should not be pursued, as per the recommendation of the Scrutiny Task Group in their final report to OSMB.

<p>Consideration to be given to potential of FLOC.</p>	<p>Review possibilities for using FLOC as a fuel for district heating.</p>	<p>The district heating infrastructure cannot support the use of FLOC in its current form: The material has a high temperature usage (c.1500 degrees); Burning it creates a high chlorine content (from the plastics) that, as a residue, will damage the existing infrastructure / plant; In order to remove the residues the FLOC should go through a gasification process that requires investment in a gasifier (for our existing FLOC output of 30,000 tonnes per year, the facility would have a footprint of 1.3 hectares and cost around £25 m to build); We would be required to hold a waste management licence.</p>	<p>It is may be ideal to consider the FLOC material as a potential energy source for an area such as Ashton Green that has the space and overall development potential to exploit the material either in its innovative stage or in the future.</p>
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### Indicative Outcomes

4.17 Proceeding with the Project, i.e. enabling and implementing the City-wide district heating scheme based on combined heat and power (CHP) technology as proposed will result in:

- An ongoing reduction in CO2 emissions contributing to the achievement of the One Leicester theme to reduce our carbon footprint
- An anticipated reduction in the price that tenants pay for heat along with the possibility of negotiating a supplier guarantee that, for the term of the contract, prices will remain below those available on the open market
- Tenants having a controllable heat supply following the installation of meters
- Controlled Project cost (£400,000) and minimised risk to the City Council

4.18 A decision not to proceed, i.e. doing nothing will result in:

- No carbon emissions reductions from district heating
- Tenants being unable to control/reduce the cost of their heating and therefore being less willing to change their consumption habits and levels of energy usage
- The City Council potentially needing to find £6 million capital to fund the installation of residential meters

- Minimal Project cost (£100,000) yet increased risk to the City Council in terms of fuel poverty, and our ongoing carbon trading position.

### **Next Steps / Stage Two Activities**

- 4.19 To finalise a brief for a private specialist service provider to include:
- Description of the division of responsibilities at design, construction and operation stages of the project, clearly identifying division of risk
  - Output specification targets and performance/service level criteria required for the service, including Business Continuity arrangements, along with a method of measuring achievement of the output specification and service levels by the ESCo
  - Revenue deductions (penalties) relative to failure to meet the output specification and service level criteria including failure to meet City Council requirements in terms of timescales for delivery, project priorities, and impact of construction works
  - Expected charging structure (including indexation)
  - Commitment to reduction of emissions with consideration to the use of gas (and renewable fuels), in line with local and national drivers
  - Indemnity and insurance requirements
  - General obligations of Leicester City Council and the senior users including permissions, access arrangements, TUPE and transfer of City Council land, buildings, plant and pipework as part of the proposal
  - Scheme extension and development proposals
  - Period of Agreement including termination and/or expiry.
- 4.20 To finalise selection and evaluation criteria based on a supplier's ability to achieve the Project Objectives and meet the Key Parameters, with the proposed balance allocated to Quality/Cost being 70/30.
- 4.21 To manage and coordinate procurement in accordance with EU requirements (utilising "competitive dialogue") with the basis of the award of any contract being the "most economically advantageous".
- 4.22 To commence a programme of consultation with tenants and Right to Buy leaseholders.
- 4.23 To commence a programme of consultation with Trade Unions regarding the impact of the Project on staff and the extent of potential TUPE issues.
- 4.24 To report to Cabinet in September/October 2009 on the outcome of the tender process with a recommendation on the appointment of a Senior Supplier (ESCo).

## **5.0 FINANCIAL, LEGAL AND OTHER IMPLICATIONS**

### **Financial Implications – Rod Pearson / Graham Troup**

- 5.1 Provision of £400,000 was made within the corporate capital programme for the procurement of Combined Heat & Power, of which £300,000 has yet to be approved by Cabinet.

- 5.2 The proposal is that a private sector contractor would wholly own an Energy Service Company that would have responsibility for design, delivery, finance and operation of the scheme. The City Council would not have to find the capital investment estimated to be in the order of approximately £10 million for phase 1 excluding meters and £30m for phase 2, though it would need to enter into a long-term contract in the region of 20 – 30 years.
- 5.3 It is envisaged that the existing CHP provision will be transferred to a private contractor on a long-term contractual basis with the contractor providing heat and power to Council tenants and the Council's administrative buildings, as well as other parties such as the University and the Prison.
- 5.4 Depending upon negotiations with the successful tenderer, the Council could receive a capital receipt to reflect the value of its assets or alternatively a profit share from the scheme.
- 5.5 A number of issues remain which would be subject to detailed negotiations with any successful bidder such as metering, how the value of the Council's existing district heating assets are reflected in any contract, the treatment of satellite existing district heating operations, billing arrangements and how the tenants' interests can be safeguarded.
- 5.6 However, with regard to metering, It is proposed that a mandatory variant be included within the tender documentation so that bidders must submit two bids, one including meters and one without. If the cost of meters estimated at approximately £6 million can be afforded within the overall financial envelope, then it would be recommended that they are included within the final contract.
- 5.7 Under current VAT regulations, CHP outputs in the form of heat and power would be charged at the standard rate for non-domestic customers including the Council and at the lower rate (currently 5%) for tenants if metered. The Council should be able to reclaim its VAT through its' normal partial exemption arrangements.
- 5.8 The Council's 2008/09 administrative buildings budget for electricity and gas is £459,300 and £213,400 respectively. It would be hoped that due to the efficiencies produced from CHP, that savings of at least 5% could be realised compared to existing supply. Whether this results in actual budget savings would depend on the market cost of energy, which has recently been very volatile.
- 5.9 The effect on the HRA  
The current estimated costs of providing district heating at St Peter's, St Andrews, St Mark's, St Matthews and New Parks is as follows:

	<b>£ 000</b>
Employees	247
Maintenance	687
Premises	218
Gas (new contract)	2,139
Income from non-tenant users	(352)
Cost of providing district heating to tenants	2,939

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- 5.10 Under the proposed CHP scheme, the majority of these costs will be passed to the private sector provider which would then be responsible for recovering costs from the tenants and public and private sector users. The actual revenue effect of the scheme on the HRA is subject to details of the final negotiations, but it is expected that additional costs of approximately £100,000 for employees unable to be recharged (but still needed for remaining functions) will be more than offset by savings in maintenance costs. Thus, at this stage, it is hoped that the scheme could have a net revenue benefit to the HRA.
- 5.11 The proposed scheme could also benefit the HRA in that it would remove the requirement to make future capital investment to replace or improve the infrastructure over the period of the contract.

### **Legal Implications – Joanna Bunting**

- 5.12 Prior to an ESCo taking ownership of the scheme it may be necessary to terminate existing contracts for gas supply / maintenance and, although not anticipated prior to April 2010, there is a possibility that some contract breakage costs will be incurred at that stage.
- 5.13 Powers  
To enable this project to proceed we will be relying on the following statutory powers:
- 5.14 Section II of Local Government Miscellaneous Provisions Act 1976:-  
Which relates to production and supply of heat by local authorities and provides that a local authority may but or otherwise acquire heat
- 5.15 Section 2 of Local Government Act 2000:-  
Which relates to the promotion of well being and provides that a Local Authority has power to do anything which is likely to achieve the promotion or improvement of the economic, social and environmental well being of their area.
- 5.16 Section III of Local Government Act 1972:-  
Which refers to subsidiary powers of Local Authorities and provides that Local Authorities have power to do anything which is calculated to facilitate or is conducive or incidental to the discharge of any of their functions.
- 5.17 Section I of Local Government (Contracts) Act 1997:-  
Which relates to functions to include power to enter into contracts and provides that every statutory provision conferring or imposing a function as a Local Authority confers power on the Local Authority to enter into a contract with another person for provision of making available of assets or services or both for the purposes of or in connection with the discharge of the function of the Local Authority.
- 5.18 Section 21 of Housing Act 1985:-  
Relates to the general powers of management and provides that the general management, regulation and control of a Local Authority's houses is vested and shall be exercised by the Authority and the houses shall at all times be open to inspection by the Authority.



5.19 As this Project is a complex one it is proposed to use the competitive dialogue procedure as permitted by the Public Contract Regulations 2006. The Council in its procurement process has to act in accordance with these regulations. Regulation 18 sets out the requirements to engage in such a process. Briefly the requirements are:

- There must be a call for competition by publishing a Contract Notice in the Official journal of the European Union (OJEU).
- There follows a selection process which will be based on the economic operators being able to satisfy minimum levels of economic and financial standing or technical or professional ability.
- The Authority will then enter into a dialogue with potential bidders to develop one or more suitable solutions for its requirements and on which chosen bidders will be invited to tender.
- The Contract Notice published in OJEU will specify a minimum number of economic operators which shall be not less than 3 which the contracting authority intends to invite to participate in the dialogue and where appropriate the maximum number.

5.20 Land position

The Council owns the land and the initial assets involved so no problems are envisaged with the ownership of the land required for the project. It is envisaged that any partner requiring provision will meet any land or asset transfer requirements for such provision either in a direct agreement or a back to back agreement.

5.21 Consultations

The Council is required under the Housing Act 1985 S.105 to consult with its tenants about matters of housing management that may affect them and also leaseholders about charges that may be levied under Leasehold Reform Housing and Urban Development Act 1993 S.123.

**Other Implications**

5.22 The extent of the impact on current staff (9 F.T.E) and TUPE implications are to be clarified with the support and expertise of the HR department prior to commencing consultation with Trade Unions.

OTHER IMPLICATIONS	YES/NO	Paragraph References Within Supporting information
Equal Opportunities	<b>Yes</b>	<p>Impact on vulnerable tenants anticipated to be improved affordability / controllability / reliability of heat from district heating.</p> <p>Requirement to ensure appropriate consultation methods to ensure ability to engage all tenants and leaseholders.</p> <p>Equality Impact Assessment drafted with further review at end Stage One of Project (February/March 2009).</p>

Policy	<b>No</b>	
Sustainable and Environmental	<b>Yes</b>	Contribution to One Leicester objective – reducing our carbon footprint.
Crime and Disorder	<b>No</b>	
Human Rights Act	<b>No</b>	
Elderly/People on Low Income	<b>Yes</b>	Impact on vulnerable tenants anticipated to be improved affordability / controllability / reliability of heat from district heating.

## 6.0 RISK ASSESSMENT MATRIX

See attached - Appendix 5.

## 7.0 BACKGROUND PAPERS

- Re-Assessment of Inner-City Community Heating & CHP Scheme - Leicester City Community Heating Feasibility Study - Ove Arup & Partners Ltd, August 2007
- 5145 – Extending District Heating & CHP in Central Leicester - Joint Report of Corporate Director, Adults & Housing and the Chief Finance Officer, 14 July 2008

## 8.0 CONSULTATIONS

University of Leicester  
De Montfort University  
HM Prison Leicester

## 9.0 REPORT AUTHOR

Ann Branson  
Service Director (Renewal, Options and Development)  
Ext 29 6802

Debbie White  
Project Manager  
Ext 39 5138

<b>Key Decision</b>	Yes
<b>Reason</b>	Is significant in terms of its effect on communities living or working in an area comprising more than one ward
<b>Appeared in Forward Plan</b>	Yes
<b>Executive or Council Decision</b>	Executive (Cabinet)

## Appendix One

### Scheme Overview

#### The Project:

To procure for Leicester City Council and other users the provision of controllable and reliable warmth to a group of buildings at an affordable price, minimising CO<sub>2</sub> emissions and using Combined Heat & Power, with waste heat converted to hot water for distribution via a District Heating System as described in report to Leicester City Council 14<sup>th</sup> July 2008.

#### The Proposed Scheme:

An extension of the existing district heating network currently supplying heat to four inner city estates – St Matthews, St Marks, St Peters and St Andrews – and to incorporate the University of Leicester, HM Prison Leicester, other City Council corporate and public buildings (with the potential to include many private buildings), phased over a number of years. With planned installation to commence in early 2010, it is anticipated that the scheme will be split into two projects, although further consideration will be given to timetabling:

#### Project 1

With an expected construction period of three years and an anticipated commencement date of March 2010, Project 1 is based on existing energy users with identifiable and predictable needs - essentially the City Council (supplying c.2800 tenants and potentially upwards of 40 buildings), the University of Leicester and HM Prison on Welford Road. Output would be 24Mwe/year, with 67% of the identified heat production consumed by the City Council. It includes:

- Phase 1 - Linking existing community heating schemes at St Marks and St Matthews and introducing a new CHP plant. This includes a school, community buildings and other LCC properties on the estates.
- Phase 2 - Linking both of these with the St Peters community heating scheme and providing new CHP plant. This includes two schools, Moat Community College, community buildings and other LCC properties.
- Phase 3 - Connecting all of these with the main University of Leicester campus where new CHP plant would be hosted.
- Phase 3 - Connecting with additional City Council and other properties where available, including De Montfort Hall.
- Phase 3 - Connecting St Andrews estate and community heating system, including an EPH day nursery, and commercial premises, along with HM Prison Leicester.

#### Project 2

Originally envisaged by the consultants to start in 2015 with a 4 year construction period, predicted users are currently uncertain although the scheme could supply c.3000 residential occupiers/tenants and potentially in excess of 50 buildings. Output would be c.70 Mwe/year. Potential users could include:

- Phase 4 - The City Council's current central operational buildings (may be subject to later revision) including New Walk Centre; Phoenix House; Welford House; Marlborough House; 16 New Walk; Sovereign House; Greyfriars; Central Library and York Road.

## **Appendix One**

### **Scheme Overview**

- Phase 5 - New Community (St Georges West); Wolsey Island residential and Abbey Meadows Science and Technology Park; Office Quarter; Waterside (all partially qualified users only).
- Phase 5 - Additional connections along the route may include planned and anticipated development along Burleys and Vaughan Way; the Highcross area new development; the retail core; and De Montfort University.

### **Estimated Total Scheme Capital Cost:**

Estimated at £10.25 million (excluding meters), the scheme is to be tendered out to a private utility supplier with the proposal to integrate Combined Heat & Power (CHP) to serve the Project(s) including the Council's existing district heating system.

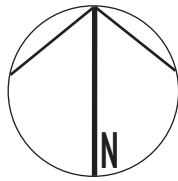
### **Key Points:**

The installation of meters allowing tenants to manage their heat consumption is to be included as part of the overall scheme (at an additional cost estimated at approximately £6 million).

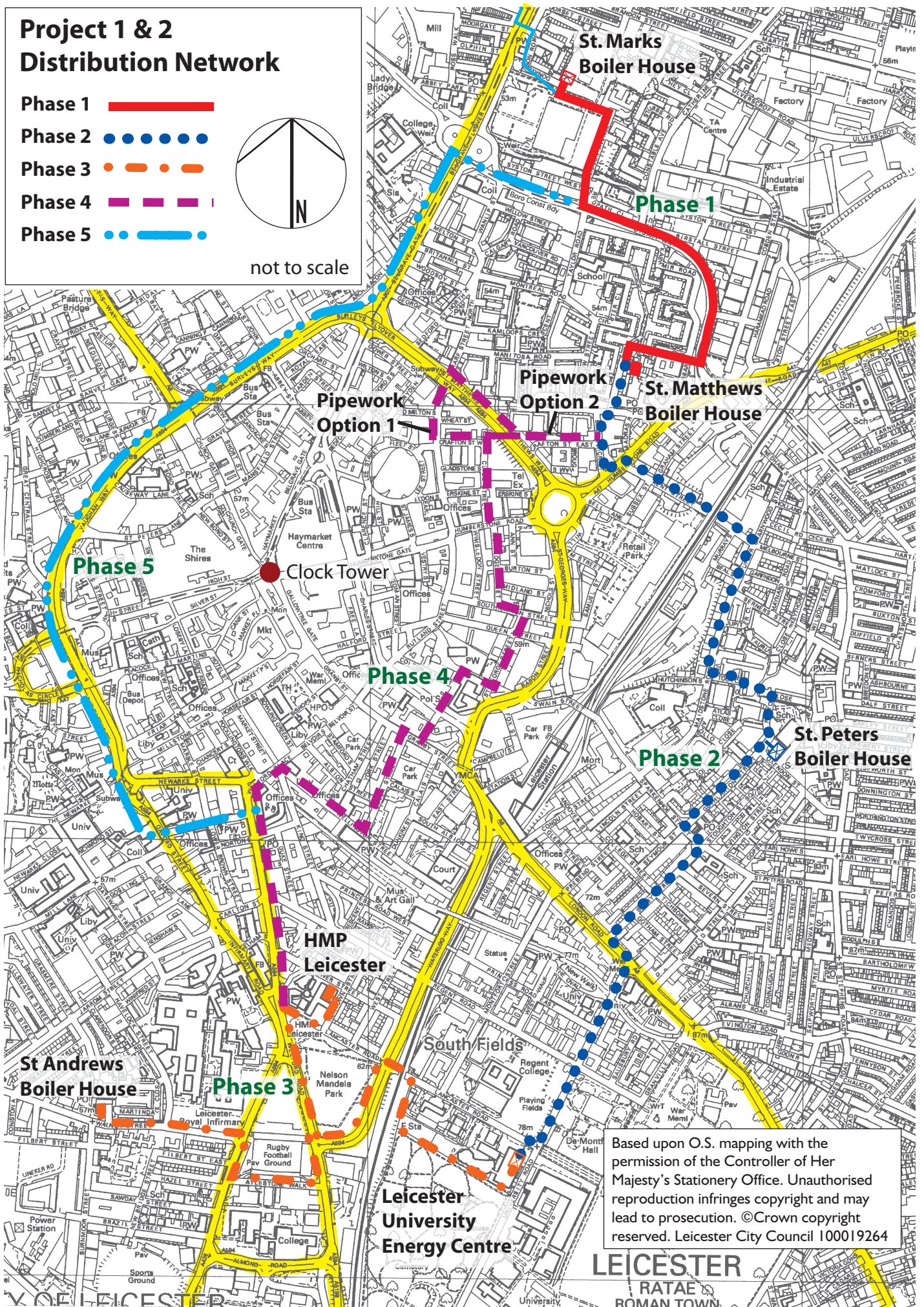
Aikman Avenue and Beatty Avenue boiler houses, along with the associated heat consumption and requirement for tenant metering, are to be included as part of Project 1.

# Project 1 & 2 Distribution Network

- Phase 1 █
- Phase 2 ●●●●●
- Phase 3 ●●●●●
- Phase 4 █
- Phase 5 ●●●●●



not to scale



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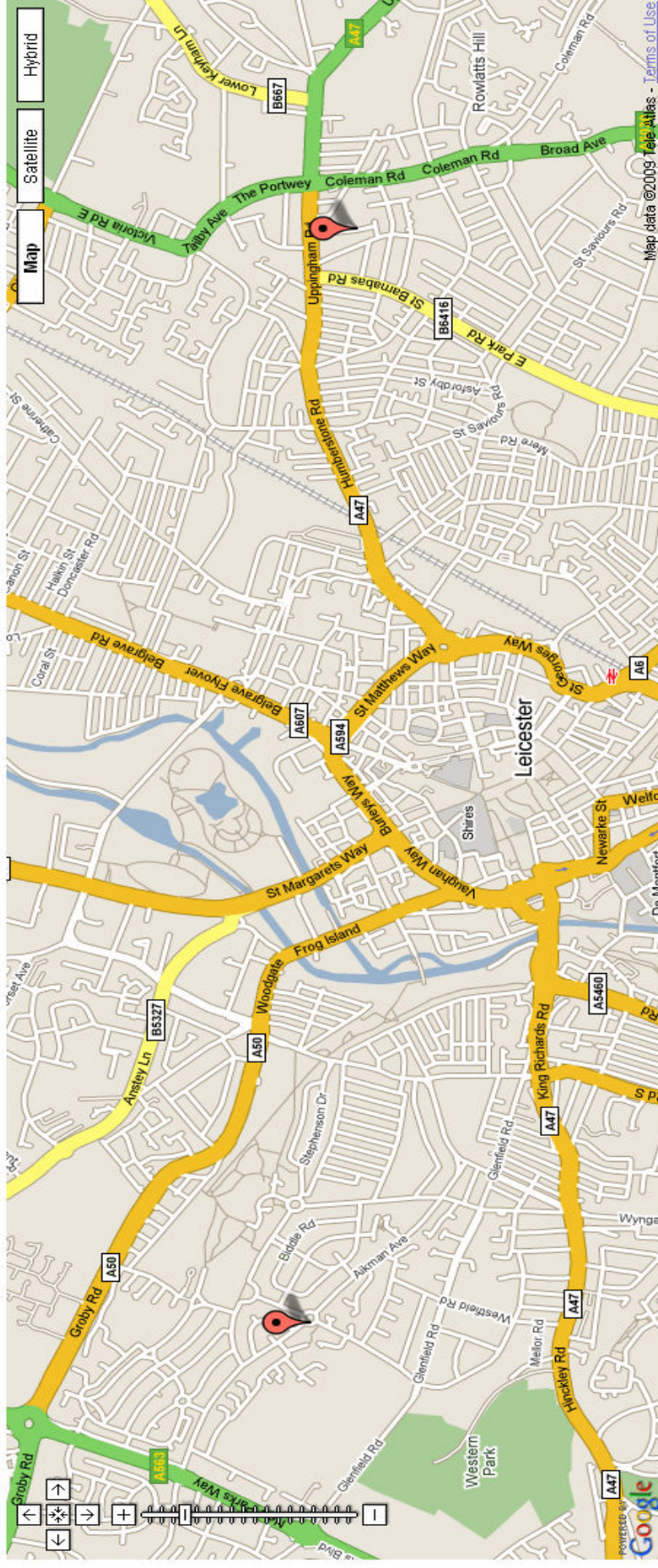
**LEICESTER**  
RATAE  
ROMAN TOWN



## Appendix Three – Aikman Avenue & Beatty Avenue Locations

You can link to this page using <http://gmaps.kaeading.name/save/d/Appendix%20Three%20Aikman%20%26%20Beatty%20Avenues>.

### Map results



### Points mapped:

1. Aikman Ave, Leicester, Leicester, UK ([select](#))
2. Beatty Ave, Leicester, Leicester, UK ([select](#))





## Appendix Four

### Extending District Heating & CHP in Central Leicester – Milestone Plan

Milestone Activity	Anticipated Date	Responsibility
<b>Project Management &amp; Control</b>		
PID to Project Board & Project Working Group	19/09/08	Project Manager (PM)
Key milestones established & planned	19/09/08	PM
Project outputs/approved agreed by Project Board	23/09/08	Project Board (PB)
PID approved by Project Board	23/09/08	PB
Issues Log created and approved	23/09/08	PB
Draft project implementation schedule for review	22/09/08	PM
Project schedule approved by Project Board	23/09/08	PB
Publication of project implementation schedule	10/10/08	PM
<b>Communication, Consultation and Reporting</b>		
Project Board reconvened	23/09/08	PM
Timetable for Project Board meetings established and scheduled	23/09/08	PM
Communication/progress reporting strategy & timetable agreed	23/09/08	PB
Cabinet lead briefing timetable established	30/09/08	PD
Project Working Group (PWG) membership approved	23/09/08	PB
PWG responsibilities agreed	23/09/08	PWG/PB
Timetable for PWG meetings established and scheduled	24/09/08	PM/PWG
Milestone plan issued to Scrutiny Task Group (OSMB)	08/10/08	PM
Milestone plan issued to identified senior users	10/10/08	PM
Tenant consultation approach and timetable established	30/09/08	PM/David Taylor
Tenant consultation approach and timetable approved	20/10/08	PB
Soft Market Testing	November 08	PM/PB/PWG
Consultation meeting with HR	03/12/08	PM
<b>Procurement – Stage One</b>		
Commitment secured from the University of Leicester	End '08	PM
Commitment secured from HM Prison Leicester	End '08	PM
Discovery/ soft market testing approach & requirements established	10/10/08	PM/PWG/PB
Supplier questionnaire drafted	20/10/08	PM/PWG/PB
Soft market testing timetabled	20/10/08	PM
First draft specification developed for ESCo	15/12/08	PM/PWG
Second draft ESCo specification to Project Board	03/02/09	PM
ESCo specification approved by Project Board	13/02/09	PB/PD
Finalise selection / evaluation criteria	13/02/09	PM/PWG/Procurement
<b>Stage One Approvals</b>		
First draft CHP Brief to Project Director & Project Working Group	15/12/08	PM
Second draft CHP Brief to Project Board	20/01/08	PM/PWG
Final version CHP Brief approved by Project Board	26/01/09	PB/PD
CHP Brief to Directorate	04/02/09	PD/PM
Cabinet Lead briefing	05/02/09	PD/PM
CHP Brief to Corporate Directors Board	10/02/09	PD/PM
Cabinet briefing	16/02/09	PD/PM
Cabinet Agenda Meeting	23/02/09	
CHP Brief to Scrutiny Task Group (OSMB)	05/03/09	PM
CHP Brief approved at Cabinet – End Stage	08/03/09	Cabinet
<b>Procurement – Stage Two</b>		
Establish approach to advertising / OJEU notice	Feb 09	PM/PWG/PB
Establish timetable for competitive dialogue/conclusion of tender process	Feb 09	PM/PWG
Commence consultation with tenants / leaseholders	March 09	PM/Tenant Services
Commence consultation with staff / Trade Unions	March 09	PM/HR
Issue notice (for expressions of interest)	March 09	PM/Procurement
Issue Prospectus / Specification to potential suppliers	April 09	PM/Procurement
Evaluation & agreement of preferred tender	Sept 09	PB
Approval of preferred tender	Oct 09	Cabinet
Legal & contractual negotiations commence	Oct 09	PWG
Issues Log closure approved (inc. agreement on Phase 2 procurement)	Mar 2010	PB
Contract close	Mar 2010	PM/Legal
Identification of client personnel to manage installations & operations	April 2010	PM
Handover arrangements established and agreed	April 2010	PM/PB
Handover completed	April 2010	PM

## **Appendix Four**

### **Extending District Heating & CHP in Central Leicester – Milestone Plan**

## Appendix Five Extending District Heating & CHP in Central Leicester – Risk Matrix

Project Risks	Management	Probability	Impact		
<b>Legal/regulatory/contractual</b> There may be issues associated with the transfer or termination of existing contracts for gas supply / maintenance (possibly incurring a breakage cost)	Whilst it is anticipated that the Project will have limited impact on maintenance / gas contracts given the timetable for contract closure (earliest March 2010) the approach is being reviewed to take in to account current contracts	Medium	Medium		Project Manager / Heads of Service
ESCo terms & conditions may be unacceptable to one or more of the senior users (including responsibility for maintenance, security of heating supply installations, administering collection of payment or debt collection, and customer care)	Initial soft market testing by Arup and Ernst & Young, along with recent supplier consultation, has identified a number of potential suppliers who would be willing to progress the scheme as required by the Council and other identified senior users assuming the proposition is commercially viable	Low	High		Project Manager / Director
Extended or difficult discussions/negotiations could delay the procurement process and the scheme	The procurement approach (competitive dialogue model) will ensure that preliminary consultative dialogue takes place prior to eliminate any unforeseen "sticking points"	Low	Low		Project Manager
<b>Economic/financial</b> The added cost of installing meters in to Council homes may adversely affect the commerciality / viability of the Project from the perspective of potential suppliers	Whilst simultaneous procurement of individual meters may be technically more efficient, Cabinet has agreed that it should be included "without jeopardising the fundability of the overall scheme"	Medium	Medium		Project Manager / Director
Should the Project not proceed (with metering) tenants will continue to be unable to control their heat consumption leaving the Council under pressure to raise the £6m required for metering	Recent soft market testing indicated that including metering in the scheme would be acceptable to most suppliers (dependent on commercial viability)	Low	High		Project Manager / Director
There is a possibility that in order to provide metering and meet increasingly challenging environmental targets viably (added to the fact that metered heat for Council residential tenants will become subject to 5% VAT) there may be an increase in the cost of heat for the (generally already vulnerable) Council end user	Supply efficiencies and economies inherent in the CHP process are anticipated to reduce the overall cost of heat to all users. In addition, the timescale/approach for installing meters could be phased to ensure minimal impact on the price of heat for consumers	Low	High		Project Manager
Reducing or insufficient consumption (e.g. as a result of metering) could result in reduced revenue and Project viability	Consumption trends/projections will be reviewed as part of the output specification to ensure continued viability and sustainability. Potential suppliers will also review the commerciality of the Project as part of due diligence and once the scheme is underway the risk will be with the supplier	Medium	Low		Project Manager
Capital costs of the project could increase	Capital costs of the project, and any increase in these costs, will be borne by the supplier	Medium	Low		Project Manager

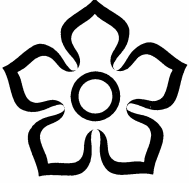
## Appendix Five Extending District Heating & CHP in Central Leicester – Risk Matrix

Project Risks	Management	Probability	Impact	Risk Rating / Score	Risk Owner
<b>Political</b>					
Right to Buy leaseholders may demand financial compensation for any disruption caused to their service / in their home	A programme of consultation will review the effects and benefits of the Project sensitively with leaseholders (including the anticipated cost savings to be available to consumers)	Medium	Medium		
The assumption that increases in energy costs will be passed to users may not be acceptable to Cabinet or viable for vulnerable users	Cabinet have approved the report (July 08) identifying this as a sensitive assumption although it is anticipated that the cost of heat will start (and remain) be below market prices for the contract period	Low	High		Project Manager / Director
Failure to ensure that there are contingency measures in place in case of unforeseen contract termination could lead to political embarrassment (and prove costly)	The contractor will be responsible for Business Continuity Plan arrangements as part of the contract terms	Low	High		Project Manager
Highways disruption likely to be unpopular and may undermine community and business confidence in the project and the Council	Highways issues will be reviewed early on and planned sensitively with the ESCO	Medium	Low		Project Manager
Any delays (bad weather/quality/design issues) or, in the worst case, construction failure, would impact costs and user confidence with "duty of care" and potential liability with the Council	The contractor will be responsible for Business Continuity planning as part of the contract terms with careful consideration given to the responsibilities of the Council	Low	Medium		Project Manager
<b>Strategic/commercial</b>					
There may not be any ESCO willing/able to finance the scheme as required by the Council and other senior users, nor able to meet all conditions (including TUPE/pensions)	Initial soft market testing clearly identified a number of potential suppliers willing to progress the scheme as required by the Council and other identified senior users. Further soft market testing currently underway confirms existing supplier interest in the scheme	Low	High		Project Manager
Until Individual Heat Agreements are signed with the preferred supplier there is a possibility that identified partners/users may change their mind	Identified senior users (University of Leicester/HMP Leicester) are represented on the Project Board with input to the specification. Once the scheme is underway the risk will be with the supplier.	Medium	Low		Project Manager
<b>Technical/Operational</b>					
Any unforeseen disruption to the existing service during works will have an adverse effect on end users	The contract will ensure that the provider is responsible for maintaining continuity of service	Medium	Low		Project Manager
Operational performance & availability issues may arise after installation and the Council may not be in a position to influence the quality of service to end users	The contract will ensure that the provider is responsible for meeting targets with financial penalties for failure to meet the output criteria	Low	Medium		Project Manager
Unforeseen design/construction issues could lead to time or budget overrun	An experienced technical project manager will plan and lead the project through the design and construction phases	Low	Low		Project Manager

## Appendix Five Extending District Heating & CHP in Central Leicester – Risk Matrix

Project Risks	Management	Probability	Impact	Risk Rating / Score	Risk Owner
<b>Organisational/human factors</b> Tenants may be resistant to the project – in particular to the anticipated disruption of installing meters in their homes and may refuse to co-operate	A consultation process will be timetabled to ensure tenants have a means to raise and resolve concerns/issues	Medium	Low		Project Manager
TUPE – failure to identify staff issues early could lead to resistance and/or resentment	Expert HR advice will be sought early on in the process	Low	Medium		Project Manager
<b>Environmental</b> The ESCo may have no commitment to meet Energy Efficiency Commitment (EEC)	The contract will ensure that the provider is responsible for meeting targets with financial penalties for failure to meet the output criteria	Low	Medium		Project Manager
The scheme may fail to help the Council and senior users to meet defra CRC trading scheme targets and fail to achieve carbon KPIs/targets	The contract will ensure that the provider is responsible for meeting targets with financial penalties for failure to meet the output criteria	Low	Medium		Project Manager
Any requirement for land/space for additional plant may have a negative impact on surrounding environment	Should the need for land/space arise the requirement will follow normal Council procedure taking account of environmental impact	Low	Medium		Project Manager





Leicester  
City Council

## WARDS AFFECTED

Charnwood and Stoneygate

**FORWARD TIMETABLE OF CONSULTATION AND MEETINGS:  
CABINET**

**9<sup>th</sup> March 2009**

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### **THE EMPTY HOMES STRATEGY**

#### **COMPULSORY PURCHASE OF 40 UPPINGHAM ROAD, 42 UPPINGHAM ROAD AND 22 OSMASTON ROAD**

---

#### **Report of the Interim Corporate Director of Adults & Housing**

##### **1. Purpose of Report**

To propose that compulsory purchase orders are made on three long standing empty homes.

##### **2. Summary**

This report proposes that a Compulsory Purchase Order is sought under the City Council's Empty Homes Strategy on three privately owned empty properties that have been vacant for 15, 15 and 10 years respectively and where owners have not responded to the councils request to repair them and bring them back into use.

Financial and confidential information relating to the properties are contained in the supplementary report on the 'B' agenda.

The Empty Homes Strategy aims to bring vacant residential properties empty for more than 18 months back into use. It contributes towards preventing areas becoming rundown, promoting neighbourhood sustainability, thereby Creating Thriving Safe communities, and improving Wellbeing and Health, two of the themes of the One Leicester vision.

The Council now also has powers to make Empty Dwelling Management Orders and long-standing empty homes are considered for both alternatives. Due to the cost of improving these homes, they are recommended for compulsory purchase.

### **3. Recommendations**

Cabinet is recommended to

- 3:1 Make Compulsory Purchase Orders (CPO) under s17 Housing act 1995 on the land and dwellings, as outlined in Appendix D, and as listed below in order to secure their improvement, proper management and occupation as residential dwellings.

40 Uppingham Road, Leicester  
42 Uppingham Road, Leicester  
22 Osmaston Road, Leicester

- 3:2 Authorise the necessary capital expenditure from the Housing Capital Programme.

### **4. Policy Background**

The revised Empty Homes Strategy was adopted in June 2008 and, forms part of Leicester's Housing Strategy (2005 – 2010) which contributes to achieving the aims of 'One Leicester'

On 19 January 2004, Cabinet approved additional resources to increase the impact of the Empty Homes Strategy and to target all properties vacant for more than eighteen months. A dedicated Empty Homes Team began work in April 2004. The purpose is to work with owners to bring empty properties back into use, which will help to address the housing shortage.

Please see Appendix A for brief details of how the Empty Homes Strategy works and Appendix B, which briefly sets out the CPO process.

The action to be taken has links with a number of key corporate and departmental strategies as listed below:

- 'One Leicester' our sustainable community strategy
- Leicester City Council Corporate Plan 2006 - 2008.
- The Community Plan – Diversity Action Plan.
- Housing Strategy for Leicester 2005 –2010.
- The Empty Homes Strategy is in line with Government Guidance on empty properties 'Unlocking the Potential' published in May 2003.

### **5. Progress to date with Empty Homes Strategy**

- 5:1 At 31<sup>st</sup> December 2008, the Empty Homes Team had a caseload of 988 properties and contact had been made with 445 of the owners.

- 5:2 Since 2002 Cabinet has approved the making of 68 compulsory purchase orders of which, 23 have been confirmed by the Department for Communities and Local Government (DCLG), with 32 occupied before confirmation was requested.



	Occupied After Cabinet	Monitoring @ Stage 8	Confirmed	Confirmed and Occupied	Un-con-Firmed	Un-con-firmed & Occupied
Before Public Inquiry	32	6				
Public Inquiry			7	3	3	2
Written Representation			5	3	4	4
Un-contested			11	7	0	0
<b>TOTAL of 68</b>	<b>32</b>	<b>6</b>	<b>23</b>		<b>7</b>	

5:3 As a result of the work of the Empty Homes Team between 1 April 2004 – 31<sup>st</sup> October 2008, 668 properties have become occupied.

## 6. Report

The properties to be found in Appendix D have been empty for more than eighteen months and therefore meet the criteria for CPO action, which are set out in Appendix B.

The details of the properties and grounds for action are set out in Appendix D attached to this report.

## 7. General

Plans of the proposed CPO properties are attached to this report.

Following Cabinet approval the Empty Homes Team prepares the cases for CPOs and forwards them to Legal Services to make the CPOs and deal with the legal formalities.

The Council is required to advertise the making of the orders and to provide for a minimum period of 28 days in which objections can be made.

The orders are sent to the Government Office for the East Midlands (GOEM) for confirmation.

Following the expiry of the objection period, if any objections are made, if necessary GOEM will arrange for a public local inquiry to be held.

Since November 2004, owners have been able to opt for written representation if they wish to object to the CPO.

The Council will be required to pay compensation to the owner at the open market value of the property in the event that possession of the property is taken, together with a basic loss payment of 7.5% of that valuation. (Subject to a maximum payment of £75,000)

## **8. FINANCIAL, LEGAL AND OTHER IMPLICATIONS**

**Financial Implications: Danny McGrath, Principal Accountant**

**See Appendix D  
7.1**

**Legal Implications: Zoë Ayris, Principal Legal Officer**

**See Appendix C  
C1-C7**

A note on the legal and policy basis for making a CPO is contained for members' information at Appendix C.

- For the purposes of the EHS, all CPOs are made under section 17 of the Housing Act 1985.
- **Human Right Consideration** – The Human Rights Act 1998 incorporated into domestic law the European Convention on Human Rights ('The Convention'). The Convention includes provisions in the form of articles, the aim of which is to protect the rights of the individual. DCLG Circular 06/2004 states that an acquiring Authority should be sure that the purposes for which it is making a CPO sufficiently justify interfering with the human rights of those with an interest in the land affected, having regard to the provisions of Article 1 of the First Protocol to the Convention and Article 8 of the Convention. Paragraph 16 of the Circular states that "Parliament has always taken the view that land should only be taken compulsorily where there is clear evidence that the public benefit will outweigh the private loss. The coming into force of the Human Rights Act has simply served to reinforce the basic requirement." In resolving to make the Order the Council has duly considered the rights of property owners under the Convention, notably under the Articles 1, 8 and 14 of the Convention and Article 14 of the First Protocol to the Convention.

**9. Other Implications**

<b>OTHER IMPLICATIONS</b>	<b>YES/NO</b>	<b>Paragraph References Within Supporting Information</b>
<b>Equal Opportunities</b>	NO	
<b>Policy</b>	YES	4
<b>Sustainable and Environmental</b>	YES	2, 3
<b>Crime and Disorder</b>	YES	1
<b>Human Rights Act</b>	YES	7:2
<b>Elderly/People on Low Income</b>	NO	

**10. Details of Consultation for this Report**

- Legal Services, Resources Department.
- Financial Planning and Control, Adults & Housing Department
- Strategy & Performance, Adults & Housing Department
- Property Services, Resources Department
- Committee Services, Resources, Department

**11. Background Papers – Local Government Act 1972**

Background Papers:  
Property files held in the Empty Homes Team

**Report Author:**  
**Carole Thompson**  
**Team Leader**  
**Empty Homes Team**  
**Adults & Housing Department**  
**Direct Line: (0116) 299 5386**  
**Email: [carole.Thompson@leicester.gov.uk](mailto:carole.Thompson@leicester.gov.uk)**

## APPENDIX A

### **A What happens to referrals made to Leicester City Council's Empty Homes Team?**

- A.1 Any dwelling in the city that has been empty for at least 18 months and is not held by the Housing Revenue Account can be registered with the Empty Homes Team.
- A.2 Standard questions are asked to enable officers to determine how long the property has been vacant and whether the dwelling is:
- Located within a Home Improvement Area (if not, it is classed as 'City-wide')
  - Of a type that requires a minimum investment in order to bring it back into use, and has been vacant for 18 months or more;
  - Of a type that is in very poor condition, requires significant investment to bring it back into use and has been vacant for less than 18 months;
  - Of a type currently outside the scope of the EHS and therefore not required to meet housing needs, i.e. a property with a commercial element without a separate entrance to the living accommodation and/or has only one bedroom
- A.3 Depending on the assessment of the referred property, the following actions may be taken in order to bring them back into use. Usually these actions are targeted at dwellings, which have been vacant for more than 18 months, but action can also be directed at very run-down houses, which have been empty for a shorter period.
- i. Standard letters are sent to empty property owners to maintain contact and provide advice and encouragement to enable them to make an informed decision about the future improvement and occupation of the property, eg. whether to sell or let. If the owner's response is unsatisfactory then statutory action will be considered.
  - ii. Face to face and/or phone conversations are offered to assist owners with their decisions.
  - iii. Where appropriate owners are put in touch with HomeCome, LeicesterLet or Registered Social Landlords.
  - iv. As a last resort, statutory action in the form of a Compulsory Purchase Order or an Empty Dwelling Management Order is taken.

## APPENDIX B

### An outline of the Compulsory Purchase Order Procedure

<b>Criteria for CPO action</b>	
Identify property falling within the CPO policy: -	
<ul style="list-style-type: none"> <li>Property vacant and unimproved for over 18 months located in area of priority housing need and where no attempt has been made by the owner to improve the property.</li> <li>CPO action may also be considered on properties that have been vacant for less than 18 months if they are blighting the neighbourhood.</li> </ul>	
<b><i>CPO Procedure over a period of approximately 24 months</i></b>	
<b>Stage 0</b>	Awaiting allocation to Empty Homes Team.
<b>Stage 1</b>	Stage 1 letter is sent advising the owner of Leicester City Council's Empty Homes Strategy and setting out options available for returning the house to occupation. Includes a 'statement of intentions form' for the property for owner completion.
<b>Stage 1a</b>	Monitoring work in progress after reply to stage 1 letter.
<b>Stage 2</b>	A Stage 2 letter is sent reminding the owner of the EHS if there has been no response to the first letter
<b>Stage 3</b>	Site visits and monitoring of properties where work is in progress. Stage 3 letter is sent if there has been no response to Stage 1 & 2 letters asking to please respond or the file will be passed to an EHO (Empty Homes Officer). Another letter is sent if no response to Stage 1, 2 & 3 letters advising that an EHO is now dealing with property.
<b>Stage 4</b>	If no progress to the Stage 1, 2 & 3 letters, a Stage 4 letter is sent, informing the owner that a CPO is being considered.
<b>Stage 5</b>	EHT refer to Property Services for valuation and to try to negotiate purchase, obviating need for CPO, and HIOs draw up schedule of works for improvement.
<b>Stage 6</b>	Cabinet CPO report prepared if no progress.
<b>Stage 7</b>	CPO approved by Cabinet.
<b>Stage 8</b>	Statement of Reasons sent to Legal Services.
<b>Stage 9</b>	CPO advertisement placed – objection period minimum 28 days.
<b>Stage 10</b>	Order submitted to Department of Communities & Local Government (DCLG).
<b>Stage 11</b>	Written representation invited or public inquiry date set if owner objects and DCLG deems it necessary.
<b>Stage 12</b>	Public Inquiry held/written representation submitted – awaiting outcome
<b>Stage 13</b>	DCLG decision received.
<b>Stage 14</b>	Confirmed CPO notice placed – 6 weeks to challenge legal process, but not CPO.
<b>Stage 15</b>	Properties where time/undertaking allowed.
<b>Stage 16</b>	Negotiation to buy by agreement underway.
<b>Stage 17</b>	Property Services and Legal Services instructed to take possession.
<b>Stage 18</b>	Possession taken.
<b>Stage 19</b>	Property Services and Legal Services instructed to dispose.
<b>Stage 20</b>	Disposal to new owner await compliance with conditions and occupation.

## APPENDIX C

### CPO Advice from Legal Services

- C.1 In considering proposals to bring forward a CPO, the Council is required to comply with and have regard to Government guidance, and in particular the guidance contained in DCLG Circular 06/2004. The Council is required to justify how the CPO of any land and/or dwelling thereon demonstrates a compelling case in the public interest, sufficient to defend its proposals at public inquiry (or written representations), or in the courts.
- C.2 To demonstrate a compelling case, the authority will need to be sure that the purposes for which it is making the CPO sufficiently justify interference with the human rights of those with an interest in the property. The Council will need to consider the rights of owners to the free and undisturbed use of their property, provided by Article 1 of the First Protocol to the European Convention on Human Rights. This means that the Council will fail to show a compelling case if it cannot justify the public benefit, which would result in a lawful interference with an owner's human rights. Indeed, the Council has occasionally failed to have a housing CPO confirmed on these grounds.
- C.3 The Circular goes on to state that the Council must demonstrate that there are no planning problems or other impediments to the scheme proceeding following confirmation of the CPO. The Council will need to show that it also has sufficient resources to bring forward a scheme, or an indication of how potential shortfalls will be met, for example, the degree to which other bodies have agreed to make financial contributions or have agreed to underwrite the scheme.
- C.4 To meet this test the Council would need to have in place firm, viable proposals for bringing the property back into use as housing accommodation in accordance with the purpose that underlines the CPO. (It will be difficult to show justification for a CPO in the public interest if there is no clear idea as to how the land and/or dwelling thereon will be used, or that the necessary resources will be available in a reasonable time-scale). It would only be in exceptional (and fully justified) circumstances where it might be reasonable to acquire land and/or a dwelling thereon where there was little prospect of implementation within a reasonable timescale.
- C.5 The Council should also be able to demonstrate that the public benefit will outweigh the private loss and that the human rights of those affected are fully considered (see above).
- C.6 CPO is a **last resort** – Government guidance suggests that acquisition should always be attempted by negotiation in the first instance. If CPO is used, the Council is required to show that negotiations with the landowner to buy the site and/or dwelling have been pursued and that an ongoing dialogue has been maintained, but that the use of the property as housing accommodation cannot be achieved unless a CPO is made and confirmed.

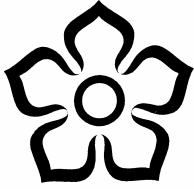
- C.7 Any perceived abuse of CPO powers could lead to the CPO being refused, or a claim against the Council for abuse of statutory powers. The Council would need to demonstrate a significant need to interfere with the owner's human rights in these circumstances. Such action is likely to be considered to be an unlawful interference with the owner's human rights and could potentially lead to the Order being made void, with the consequences referred to above.

**Prepared by:**  
**Zoë Ayris**  
**Principal Legal Officer**  
**Legal Services**  
**Property Team 1**  
**Resources Department**  
**Direct Line: 252 6342**  
**Email: [zoeayris@leicester.gov.uk](mailto:zoeayris@leicester.gov.uk)**

<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)







Leicester  
City Council

**WARDS AFFECTED**  
All

## **FORWARD TIMETABLE OF CONSULTATION AND MEETINGS:**

**OSMB  
Cabinet  
Council**

**5<sup>th</sup> March 2009  
9<sup>th</sup> March 2009  
26<sup>th</sup> March 2009**

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### **Children and Young People's Capital Programme 2009-10 to 2011-12**

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#### **Report of the Interim Corporate Director of Children and Young People's Services**

#### **1. Purpose of Report**

- 1.1 The purpose of this report is to seek approval for a 2 year 0-19 Integrated Capital Strategy. It is anticipated that the strategy will be delivered through the Government's three main programmes: Building Schools for the Future (BSF), Primary Capital Programme (PCP) and Other, which includes such as elements as schools Devolved Formula Capital and the departments non school project.

#### **2. Summary**

- 2.1 Capital investment in schools in England has risen 7-fold in real terms in the last 10 years. In 1997 investment was less than £0.7bn; in 2008-09 it is over £8bn. Investment in City schools and colleges over the next few years is expected to be over £500m; with around £100m in post-16, £250m in secondary and £150m in primary. The scale of this investment provides a once in a lifetime opportunity to transform education and other services for children, young people and their families in the City.
- 2.2 This report sets out spending proposals for £82.3m profiled over the next 3 years, of which £39.6m relates to new projects. The capital programme falls into 3 main areas:
- BSF – a national programme to rebuild or refurbish all secondary schools and special schools with secondary-aged students.
  - PCP- a national programme to rebuild or refurbish at least half of all primary schools

- Other – projects not included in the two main programmes, including some residual school investment and some non-school projects.

2.3 The projects that will be undertaken over the next two years have, by and large, have already been established by Members in previous reports covering Phase 2 of BSF and the Primary Capital Programme. Although this report summarises the context, its main purpose is to consider the detailed proposals for expenditure and funding and provide a basis for monitoring. The report:

- Summarises how priorities have been determined. These are derived from the priorities in the ‘One Leicester’ plan and other national priorities and are set out in more detail in the relevant ‘Strategy for Change’.
- Summarises the scope of what might be achieved with the funding available.
- Outlines how individual school projects have been prioritised.
- Discusses the options for procurement.
- Sets out the detailed expenditure proposals and reconciles these with the funding available.

### **3. Recommendations**

3.1 OSMB is recommended to consider the report and make its views and further recommendations known to Cabinet.

3.2 Cabinet is recommended to:

- a) Recommend the Capital Programme detailed within this report and in particular the new proposals summarised in the table below to Council, subject to any amendments required by Cabinet.
- b) Recommend to Council the following status of the schemes detailed below subject to compliance with the Council’s Finance and Contract Procedure Rules.
  - i) Block A, being schemes which can proceed once the programme is approved without a further report to Cabinet and Council;
  - ii) Block B, being schemes which can proceed once the programme is approved under delegated authority to the Corporate Director of Children and Young People’s Services in consultation with the Cabinet Lead. Block B only relates to programmes and schemes where the funding is ring fenced for a particular purpose with set grant conditions. An update of these elements of the programme will be provided to Cabinet through the quarterly monitoring reports.
  - iii) Block C, being schemes, which can proceed subject to a further Cabinet report approving the detailed implementation of the scheme.

## New Proposals Table

Number	Name of scheme or programme	£ in '000'
	<b>Block A</b>	
1	Devolved Formula Capital	11,206.2
2	School Kitchens match funding for bids*	500
3	Classroom Replacement Programme Uplands Junior	450
4	Primary Capital Programme**	11,556.4
5	BSF ASD Units	140
6	Strategic Development for BSF and PCP	1,000
	<b>Block B</b>	
7	Youth Capital Fund	417.6
8	DCSF Playbuilder Grant	400
9	Short Break Path Finders Grant	484.4
10	Home Access for Targeted Groups Grant	207
	<b>Block C</b>	
11	Early Years Sustainable Grant	2,927
12	Children's Centres Phase 3	1,738
13	Extended Services	1,504.3
14	School Kitchens match funding for bids*	500
15	Primary Capital Programme**	6,600
	<b>Total</b>	<b>39,630.9</b>

The details each of these schemes can be found in pages 13 to 19, Appendix A 'Detailed Spend Programme' and Appendix B 'Programme and Project Details'.

\* School Kitchens, Block A relates to approval for schemes that are being designed and constructed in the first year of the Primary Capital Programme. Under Block C the remainder of the funding will be the subject of a further Cabinet paper. Please refer to paragraph 4.4.13 for further details.

\*\* Primary Capital Programme, Block A relates to approval of the all the schemes detailed under pages 16 and 17 apart from Mellor Primary School which is under Block C and will be the subject of a further report.

iv) Authorise the subsequent addition of up to £1m to the Capital Programme for the sustainability project at Rushey Mead School as detailed within paragraph 4.4.14 of this report if Government funding is allocated, and delegate authority to allocate such funding to the Corporate Director in consultation with the Cabinet Lead.

3.3 Council is recommended to adopt the Capital Programme put forward by Cabinet.

## **4. Report**

### **4.1 Background**

- 4.1.1 Capital investment in school buildings in England has increased 7-fold in the last 10 years, from less than £700 million in 1997 to in excess of £8 billion in 2008-09. Much has been done to improve the City's school estate. Secondary schools received in excess of £30 million of investment in the years following the review of secondary schools in 1999. Most of the mobile classrooms in primary schools have now been replaced with modern, permanent buildings.
- 4.1.2 In spite of the scale of investment, improvements hitherto have been piecemeal in nature. There is still a significant backlog of outstanding repairs, many school buildings are not fit for teaching and learning in the twenty first century. There is still a surplus of school places in excess of 10% and supply of places does not match demand.
- 4.1.3 Investment in the City's schools and colleges over the next few years is expected to be in excess of £500 million. The government is investing around £100 million in further education and sixth form colleges in the city. The BSF programme, representing over £235 million, will enable us to rebuild or refurbish all of our secondary schools, special schools and pupil referral units over the next five years (excludes Samworth Academy and the Madani Islamic High School). The Council received unconditional approval for its Primary Capital Programme, which aims to replace or refurbish at least half of all primary schools with an estimated £150 million worth of investment over the next 14 years.
- 4.1.4 The Youth Taskforce Action Plan launched in March 2008 focused on getting young people into positive activities and announced the fast tracking of almost £23m through the Youth Capital Fund. The aim of this being to improve, and/or open quickly, facilities in the most deprived areas where teenagers are most at risk of getting into trouble and have fewest opportunities to get involved in activities like sport and arts. Leicester is one of 50 Local Authorities receiving funds from this with an allocation of £453k and a proposal to refurbish existing centres in three areas of the city, Beaumont Leys, Eyres Monsell and Netherhall has been agreed.
- 4.1.5 MyPlace is a new programme being delivered by the BIG Lottery Fund to distribute £190m of government capital investment over the next 3 years. The funding is to provide world-class facilities for young people. The voluntary sector or local authorities with voluntary sector partners can bid for the funding but all bids must be endorsed by the Local Authority.
- 4.1.6 The Council has submitted a bid of £5m to fund the development of a city-centre youth hub in the former Haymarket Theatre, which includes a commitment to provide £1.5m of capital funding in the event of a successful bid, which is included in the corporate capital programme.
- 4.1.7 The department has received funding for investment in early years provision, children's residential homes, improving play areas, increasing opportunities and enjoyment for disabled children and ICT.

4.1.8 It is proposed that the department will align all its strategies for Children and Young People.

## **4.2 Transforming Learning**

4.2.1 The investment in our schools must achieve far more than merely replacing old buildings with new ones, replicating what we already have. The investment must be a catalyst for a sea change in achievement and performance.

4.2.2 The two major national school investment programmes, BSF and PCP, both require local authorities to bring together their vision for education in the future with their estates strategy in order to produce a prioritised investment programme.

4.2.3 The Council has been in extensive negotiation with government; seeking approval to submit a single Strategy for Change covering the age range 0-19. Unfortunately, the government has not been able to agree to this request, primarily because it uses separate delivery agencies and separate funding streams for its two programmes, each of which have developed slightly different guidance for their programmes. However, partly in response to the Council's representation, the government is now investigating the possibility of establishing a single 0-19 capital programme in the future.

4.2.4 Whilst the Council now has two separate Strategies for Change, one for primary and one for secondary, it is hoped that as these are further developed and reviewed they will be fully consolidated into a single strategy. This report is concerned with the Department's capital programmes and it is not intended to set out in this report the full content of the two strategies for change. However, it is worth noting some of the key points of the education vision underpinning the investment strategy.

4.2.5 The over-arching principles that will guide the education vision will be the national strategies, set out in Every Child Matters and the Children Plan and local strategies, in particular, our One Leicester vision.

4.2.6 All children have a right to attend a good school, irrespective of where they live or who their parents are. The school system should offer a diverse range of provision, where parents have real choice, and access to school places is fair.

4.2.7 At the heart of the education vision is personalised learning for all children and young people. Every child should have the opportunity to maximise their potential. In turn they should enjoy going to school, and teaching and learning should be appropriate to meet their own individual needs. At secondary level, all students should have an entitlement to vocational studies in addition to academic subjects.

4.2.8 Teaching and learning must be appropriate for the needs of tomorrow, giving young people the skills and qualifications they need to find employment or progress to further or higher education. They must have good literacy and numeracy skills and be proficient with information technology.

- 4.2.9 Every child should be safe at school and schools should promote their health and welfare. Amongst other things, they should have access to healthy food and be able to enjoy PE at school.
- 4.2.10 The school system should be inclusive for all children and young people, irrespective of their ability, disability or particular individual needs. Parents of children with special educational needs should have a right to choose whether their child is educated in a mainstream school where practicable or a special school. Vulnerable children and young people must be supported so that they remain in school, or complete their studies in an alternative, more appropriate setting.
- 4.2.11 The government's Children Plan sets out an aspiration for all schools to be at the hearts of their local communities, providing, or signposting families to a range of services. All schools will provide the core extended services and other services, such as health; police, etc will increasingly be co-located on school sites.
- 4.2.12 Schools produce 15% of all public sector carbon emissions. The government has set a target for all new schools to be carbon zero by 2016. In addition to reducing carbon footprints, schools must show children and young people and their local communities how they can lead more sustainable life styles and start to reverse climate change by reducing reliance on non-renewable energy, recycle more, and reducing the impact of travel.

### **4.3 Priorities for Capital Investment**

Capital must be invested so that it underpins the priorities in the education vision. The priorities for investment will therefore be –

- Rationalising the supply of school places by striving to meet parental preference. This means removing surplus places and increasing the number of places where necessary to meet demand. Demand will rise in some areas due to increase in birth rate, immigration and regeneration and housing development.
- Supporting personalised learning through flexible teaching spaces that accommodate a whole range of different ways of teaching and learning, from spaces for master classes, through to small group work, to 1:1 tuition.
- Providing facilities to deliver a broad curriculum, including the universal entitlement to new specialised diploma lines.
- Embracing ICT so that it extends opportunities beyond school and beyond the school day. Students and teachers should be able to access coursework and curriculum material any time, anywhere.
- The worst school buildings in relation to condition should be replaced or taken out of commission and all buildings should be fit for their purpose.
- Ensuring that all schools are able to promote fresh healthy food to give children healthier lifestyles. Every child should also have access to good quality sports and PE facilities and receive their full entitlement.
- Ensuring that all schools are able to accommodate those children and young people with all but the most complex special needs. Parents should be able to choose between good quality special schools or mainstream schools. There should be adequate facilities to support

behaviour and attendance, including good alternative provision for those young people that might otherwise not remain in education, employment or training.

- Providing schools with the facilities to deliver or signpost to the core extended services. This will mean creating secure receptions, zoning accommodation, providing additional space in schools and providing infrastructure such as toilets, catering facilities etc.
- Reducing the carbon footprint of schools with better insulation, generation of renewable energy on site etc. New school buildings should enhance the opportunity to demonstrate sustainable development and lifestyle to students by using school buildings as teaching tools.

#### 4.3.1 Other Priorities

There are other department needs and priorities where investment is required which are summarised below:

- Early years provision in private and publicly owned children's childcare settings.
- Improvements to the provision for young people in the city youth centres.
- Improvements to the accommodation of children living in residential homes.
- Increasing or improving the number of play areas for children.
- Increasing opportunities and enjoyment for disabled children by providing short break opportunities.
- ICT programmes.

4.3.2 The expenditure relating to other priorities are detailed within this report, the funding for these elements of the programme are typically Council corporate funding, ring fenced government funding and third party sources.

#### **4.4 The Scope Of What Can Be Achieved**

4.4.1 Once the priorities for capital investment have been established, the scope of what can be achieved with the available capital investment must be examined. It is important that aspirations are managed and the required outcomes are established at the outset of a large capital programme, otherwise the level of investment in schools in the early part of the programme might be too high or too low. Programme outcomes must be aligned with the outcomes expected by national government.

4.4.2 The expected outcome of the Building Schools for the Future programme is that all young people of secondary age will benefit from the programme, whether they attend a mainstream or special school, or alternative provision. All secondary establishments are therefore included in the BSF programme. Government funding assumes that local authorities will be able to rebuild, remodel and refurbish all schools buildings in the ratio 50% rebuilding, 35% remodelling, and 15% refurbishment. It is anticipated that the BSF programme in the city will reflect these expected outcomes. The £235 million will be used to improve the 15 secondary schools originally in the BSF programme, plus 7 special schools with students of secondary age and 4 establishments providing behaviour support. New College is an approved

addition to the programme and will receive additional funding which will be added to the existing allocation. This will be the subject of a further report. The Council's affordability of BSF is also under review and will be affected by changes to school size as pupil numbers are amended, subject to any revised funding offer, which may be obtained from the DCSF. This may ultimately affect final BSF delivery outcomes in the City

4.4.3 The expected outcome of the Primary Capital Programmes is that at least half of all primary schools will be refurbished with at least 5% of buildings being completely replaced. The available funding is estimated to be around £150 million over the next 14 years. Having regard for the national expectations the options for the scope of development in schools has been examined. Various options have been tested, from one where very few schools are completely replaced and funding is spread to allow more schools to be improved to the other end of the spectrum where more schools are replaced, leaving less money for the other schools.

The table below shows the range of options that have been investigated

% Schools to be rebuilt	No. schools to be rebuilt	Residual no. of schools in PCP	% of each residual school floor area that can be:		
			Rebuilt	Refurbished	Do nothing
5	4	37	30	30	40
<b>10</b>	<b>8</b>	<b>33</b>	<b>25</b>	<b>25</b>	<b>50</b>
15	12	29	20	20	60
20	16	25	10	20	70

Having considered the range of options, replacement of 10% of primary schools (8 schools) is anticipated, allowing 40% (33 schools) to be partially rebuilt, remodelled refurbished and 50% (40 schools) to be left unimproved. Out of the 40% of the schools that are to be partly rebuilt and refurbished, 25% of floor area rebuilt and 25% of the area refurbished.

#### 4.4.4 New Schools

New schools may be required to provide additional school places, as a result of an increase in the birth rate, immigration, or additional housing development. The population trend in Leicester is opposite to the national trend and it is anticipated that the number of primary and secondary places required will rise over the next few years. BSF funding is provided on the basis of the number of students currently on role and the ten-year forward projection. Allowance for new housing development is made only for those housing developments that already have planning consent. It is expected that the BSF funding will not cover the full cost of the new places that may be required in the future. Additional funding could come from a "Basic Need" allocation that the government gives to the council, plus contributions from developers towards the cost of infrastructure. If BSF, Basic Need and developer contributions are still insufficient, the council will need to make a special case to government for additional funding.

Primary Capital Funds are intended to be used on existing schools. Basic Need and developer contributions are available and it is anticipated that, because of the number of new school places likely to be required, the council will need to make a special case to government for additional funding. Forecasts of the number of new school places required are likely to be



available in February 2009, when consultants complete their work. However, initial indications suggest that there maybe an additional 7000 primary and 2500 secondary pupils that will need new school places within the next 10 years and this will be the subject of a further Cabinet paper in the near future.

#### 4.4.5 Extended Services

There is some funding made available for extended services from 2008/09 to 2010/11 in and around schools, including children's centres and for private and voluntary providers of early years childcare provision.

£1.87 million for Surestart Childrens' Centres Phase 3 over 2 yrs

£1.5 million for Extended Services over 3 yrs

£ 4.4 million Early Years Capital Grant over 3 yrs

**£ 7.77 million Total**

There is flexibility in the allocation of funding between these three funding streams to meet local needs and priorities.

#### Children's Centres

4.4.6 The overall aim of the programme is to improve outcomes for all children and close the outcome gap for children living in our most disadvantaged areas. Under Phase 1 and 2 of the programme, 18 centres have been constructed which provide a range of integrated neighbourhood level services that focus on prevention and early intervention to approximately 16,400 children under the age of 5.

4.4.7 Under Phase 3 of the programme it is proposed to establish a further 5 centres. Members have previously agreed the priority ranking criteria in the Cabinet Report dated the 27<sup>th</sup> November 2007, which will aid the final selection of the suitable sites. The agreed priority criteria ranked in preference order is listed below:

1. Primary school site within pram pushing distance of the community.
2. Existing Local Authority buildings identified through a property review.
3. Partner agency buildings.

The Early Years team and other partners have been working on the proposed site locations for each centre and the final deadline for the completion and designation of the new centres is by the end of March 2010.

The proposed location of each centre and the proposals for expenditure will be the subject of a further report to Cabinet at the end of March 2009.

#### Integrated Service Hubs

4.4.8 The council has an ambitious plan to establish 0-12 and 13-19 integrated services hubs to deliver integrated services in 8 localities across the city. There is £1.5m available for Extended Services with a small allowance within the BSF programme for extended services for secondary children that might be used for this purpose. Nevertheless, strict ring fencing of BSF funds for

school use only continues to prevent more investment in integrated services in secondary schools.

4.4.9 It is envisaged that a city centre hub, together with a designated local integrated youth hub in each of the 8 neighbourhood areas will provide the basis for the development of Integrated Youth Support Services.

4.4.10 Consultation on the locations on the Integrated Service Hubs has commenced and is planned to be completed in the spring of 2009. A further report will be prepared on the outcome of the consultation on the proposed locations of the hubs and the proposals for expenditure. Once the locations have been established, feasibility studies can commence to establish the costs for the work. The work can be commissioned through Property Services on sites owned by the Council or allocated to partner agencies where sites are not owned by the Council. It is envisaged where possible the ISH programme will be aligned with the PCP or BSF programmes.

#### Early Years Capital Grant

4.4.11 The grant relates to childcare sustainability and is intended to help develop and expand the childcare infrastructure in the voluntary and private sectors. The grant is for 3 years at the rate of £1.4m per year from 2008/09 and is a continuation of this element of the Phase 2 Sure Start programme. Voluntary and private sectors childcare providers are invited to submit applications for funding to improve childcare facilities, which are submitted to the Key Stakeholders Panel for approval. The Key Stakeholders panels were set up under the Phase 2 Sure Start programme, to assess bids for funding under the Childcare and Extended Services. A further Cabinet paper is being prepared on the consultation process and the allocation of this funding.

4.4.12 Schools not in the Primary Capital Programme

As noted previously, the scope of the PCP will only allow about 50% of primary schools to be included. However, it is important to note that those schools not in PCP will continue to receive substantial amounts of devolved formula capital from the government. This will allow those schools to continue to address their own priority building needs. A further paper will be prepared concerning DFC and the aligning of expenditure with the Council's strategies and visions.

#### **Funding for School Kitchens and Sustainable Schools**

4.4.13 The government is providing a national fund of £100 million that local authorities can bid for to improve kitchens in schools, with the requirement of 50% match funding. Both BSF and PCP projects already include a number of kitchen improvements. The Council submitted kitchen bids amounting to £6.5m with 10 for Primary Schools and 2 for Secondary Schools in December 2008 and the Council is currently awaiting a response from the government. Out of the 10 Primary School Kitchen bids, 6 are not planned to be improved under the PCP. It is therefore proposed to establish a separate programme for kitchen projects in primary schools that are outside of PCP and top slice £1.0m from the PCP allocation as match funding for any successful kitchen bids. Six of the kitchen bids relate to PCP projects and two relate to BSF projects, which are planned to be designed over the next 6 to 12 months. To

prevent delays and additional costs to these schemes it is proposed that the Corporate Director has delegated authority to add these schemes to the capital programme but the remainder of the kitchen projects will be the subject a further Cabinet report.

4.4.14 In December 2007 government announced that 3 schools that are planned to be replaced in the next phases of the Council's BSF programme will receive additional sustainability funding of £0.5 million per school. This will result in a further £1.5m for the BSF programme. In addition, the government announced in November 2008 additional funding of £10 million nationally to enable local authorities to bid for funding to make primary and secondary schools more sustainable. The Council submitted bids amounting to £1.6m for environmental improvements and on site renewables on two schools, one Eyres Monsell Primary School and the second, Rushey Mead Secondary School. The bids were submitted to the government in November 2008. In January 2009 the Council was advised that the Eyres Monsell bid was not successful but the Rushey Mead bid of £1.0m is under consideration. The government will require further details of the bid and they have made the statement that the vast majority of the bids under consideration are likely to be supported.

The match funding for these bids is proposed to come from funding included within the PCP and BSF programmes, prudential borrowing on energy savings and third party funding. To prevent delays and additional costs to the Rushey Mead scheme under BSF it is proposed that the Corporate Director has delegated authority to add £1.0m of funding to the capital programme if the bid is successful.

4.4.15 As part of the previous 2007/08 capital programme, £1m of funding was allocated for environmental enhancements on construction projects within the childrens centre programme, classroom replacement programme and environmental and educational programme. Through these programmes 14 quick win school projects have been completed which consist of such work as the replacement of lighting, sensored lighting and heating controls. Also on 3 primary schools photovoltaic cells have been installed. At Coleman Primary School the existing mobile classroom has been replaced with an extension mainly constructed of natural or recycled materials such as a timber frame, timber cladding and re-cycled slate roof. The heating for the building comes from ground source heat pumps and it is planned that a wind turbine and photovoltaic cells will be installed in the spring of 2009. Further funding amounting to £0.35m has been secured to support this work through Devolved Formula Capital (DFC), Prudential Borrowing (PB), Local Authority Energy Finance Fund and the Low Carbon Building Programme Phase 2.

4.4.16 An OSMB task group was set up in 2008 to review sustainability for BSF and the group identified the need for a full time post to secure additional sustainability funding. This post has been included in the organisational interim structure for the Transforming the Learning Environment (TLE) section, which has been approved by the TLE board. The position will be filled in January 2009 on a temporary basis with the remit to secure funding for the new projects within PCP and BSF.

#### 4.5 **Prioritisation**

- 4.5.1 Having established the key priority areas for investment to support the education vision, and having established the scope of what could be achieved with the investment, the next step is to establish how schools should be prioritised for investment. The principles for prioritisation extend across both the BSF and PCP programmes.

#### Building Schools for the Future

- 4.5.2 As noted previously the BSF programme includes all secondary mainstream, special schools and PRUs. The BSF programme is to be delivered in phases and in order to establish where schools should be in the priority order a range of factors have been considered, including condition and suitability of existing buildings, social deprivation factors, attainment etc. Each factor has been assessed and ranked for each school and a weighting applied to allow all the schools to be placed in a rank order. There is no method of comparing the relative needs of special and mainstream schools. Therefore special schools have their own priority list, based on the building condition and suitability and the two priority lists are then integrated. The BSF priority list has an overriding factor "readiness to proceed". Phase 2 of the BSF programme is expected to start significantly later than originally envisaged. This has created a number of problems for the Local Education Partnership (LEP), whose sole source of income comes from new project development. (The LEP are contracted by the Council to procure and construct secondary and special schools including an ICT solution and a 25 year facility management service) Partnerships for Schools has advised that the council try and ensure that Phase 2 goes forward as quickly as possible. Therefore with the exception of the substitution of one particular school with another, the proposed BSF Phase 2 is substantially as proposed in the original strategic business case. This reflects those schools' readiness to proceed, based on the preparatory work they carried out in 2007, in anticipation of entering the programme. Based on readiness to proceed, and emerging priorities, 5 new projects are proposed for phase 2. A further report will be presented to Cabinet detailing the Phase 2 proposals and the addition of these projects to the Capital Programme. The existing commitments under this programme and the new proposed projects are summarised below:

#### Phase 1

##### **1 Beaumont Leys Secondary School Existing Commitment**

The construction of a new secondary school for 1050 pupils, which is due for completion in Spring 2009. The value of the existing commitment is £1.1m and the total value of the scheme is £14.3m.

##### **2 Fullhurst Community College Existing Commitment**

The major refurbishment and new extension of this school for 900 pupils is due for completion in Autumn 2009. The value of the existing commitment is £3.6m and the total value of the scheme is £12m.

##### **3 Soar Valley Community College Existing Commitment**

The construction of a new secondary school for 1275 pupils, which is due for completion in Summer 2009. This project is procured through a PFI form of contract and it is not monitored under the Capital Programme.

#### **4 Judgemeanow Community College Existing Commitment**

The construction of a new secondary school for 1200 pupils, which is due to complete in Summer 2009. This project is procured through a PFI form of contract and it is not monitored under the Capital Programme.

Phase 2a

#### **5 Crown Hills Community College**

This is proposed as a conventional-funded refurbishment and partial new build scheme for 1200 pupils. Approved funding amounts to £11.2 m The school is expected to be operational in the spring of 2012. It is proposed that this project is added to the Capital Programme when a specific Cabinet report detailing the affordability is submitted in the spring 2009.

#### **6 Rushey Mead Secondary School**

This school has been proposed as a refurbishment and partial new build scheme for 1350 pupils, Rushey Mead is a popular school and although £9.6m was approved by Partnerships for Schools the position remains under review. A revised funding offer may be forthcoming and an updated position will be reported in due course. It is proposed that this project is added to the Capital Programme when a specific Cabinet report detailing the affordability is submitted in the spring 2009.

#### **7 ASD units at West Gate School and English Martyrs Catholic School New Proposal Block A**

The installation of mobile accommodation to create Autism Spectrum Disorder (ASD) provision at both schools. Currently 20 pupils have to travel beyond the city boundary for their education. It is not possible for permanent buildings to be constructed as both sites are planned to be developed in future phases of BSF.

Phase 2b

#### **8 Children's Hospital School**

This is an additional scheme added to BSF to allow for the relocation of the Hospital School to an alternative site. The number of pupils planned is 40 and an amount of £1.5 m has been identified for this scheme. It is proposed that this project is added to the Capital Programme when a specific Cabinet report detailing the affordability is submitted in the spring 2009.

#### **9 Cherryleas Assessment Centre Existing Commitment**

The refurbishment of the existing pupil referral unit is due to commence in Spring 2009 and be completed by the Summer 2009. Value of the works is £0.6m

Phase 2c

#### **10 City of Leicester School**

It is proposed that this project is added to the Capital Programme when a specific Cabinet report detailing the affordability is submitted in the spring 2009.

## 11 St Paul's Roman Catholic School

It is proposed that this project is added to the Capital Programme when a specific Cabinet report detailing the affordability is submitted in the spring 2009.

The number of schools in subsequent phases and the timing of each phase are subject to further discussion with the LEP. Originally it was proposed that there would be four phases, each one year apart. However, current thinking suggests that staggering phases by 6 months may be more appropriate. It is expected that all BSF projects will be complete by March 2014.

**A financial summary of the existing plans and new proposals can be found under Appendix A (pages 21 to 23).**

### Primary Capital Programme

- 4.5.3 In November 2008 the government requested authorities to accelerate their Primary Capital Programme's to help support the economy during the economic downturn. The Council put together proposals to bring forward 7 projects. The government accepted the Council submission in January 2009 and confirmed that £10m of allocations originally for 2010/11 will be advanced to the Council in 2009/10. The bringing forward of this funding has been reflected in this report.
- 4.5.4 The new proposals listed below are different to the information included within the original Primary Strategy for Change, these are summarised below:
- Merrydale Junior School has been brought forward due to works already being carried out at the school through the classroom replacement programme. It is proposed to extend the contract of the framework contractor working on site.
  - As part of the PCP Strategy for Change paragraph 4.2 Prioritisation Criteria it is stated that in extenuating factors such as major condition issues, schools outside the top 50% can be brought into the programme. A further need has been identified at Mellor Primary School due to the Infant building having structural issues and the building requiring replacement. This school was originally not included in the schools being improved under the PCP. If the full amount is required, £2.3m of this expenditure will need to be under-written from Basic Need and it is proposed that this is re-paid from future years PCP allocations. This project will be the subject of a further report.
- 4.5.5 The expenditure and proposals for each new scheme within this report are different to the information in the Primary Strategy for Change. At the time the document was being prepared it was not possible to carry out any detailed project proposals and therefore the scheme descriptions and amounts were indicative. Officers have now had time to further review the expenditure for each new proposed scheme, the amounts contained within this report are still approximate and are subject to the completion of school visions, consultation and feasibility studies.
- 4.5.6 Primary schools projects have been prioritised using a matrix similar to that described in paragraph 4.5.1. Thirteen building projects form part of the first two years of the primary capital programme, with nine projects being new proposals and four projects being approved in previous years.

**A financial summary of the existing plans and new proposals can be found under Appendix A (pages 21 to 23).** The existing commitments under this programme and the new proposed projects are summarised below:

#### Existing Commitments

##### **12 Taylor Road Primary School Existing Commitment**

The construction of a new 3-form entry school to replace the existing school, which has major condition issues. The project is currently being constructed and the value of the existing commitment is £4.6m.

##### **13 Sparkenhoe Primary School Existing Commitment**

The construction of three class bases and internal alterations to resolve overcrowding issues at the school. The project is currently being constructed and the value of the existing commitment is £0.8m.

##### **14 Humberstone Infant and Junior School Existing Commitment**

The construction of a shared hall, administration areas, staff room, linked corridors and the replacement of 5 mobile classrooms. The project is currently being constructed and the value of the existing commitment is £2.8m.

##### **15 Eyres Monsell Primary School Existing Commitment PCP Project**

The consolidation of the existing primary school, currently occupying two buildings, into one building. The release of a building will then provide permanent accommodation for the Children's Hospital School. The project is planned to commence in the spring 2009 and the value of the existing commitment is £3.2m.

#### New Proposals

##### **16 Pupil Place Planning Data Computer Software New Proposal Block A**

In order to plan and determine our investment priorities for the Capital Programme the TLE section have to collect school data such as surplus places, over subscription, condition, suitability, accessibility, extended services and sufficiency. This information is collected annually and inputted manually which takes up a considerable amount of a staff time. It is proposed to purchase a database system at a cost of £0.19m that can capture, manage and analyse the schools property data and pupil places information. The procurement of the computer system will require an OJEU notice. If approved it is planned that the system will be in place by the autumn of next year ready for next year's Capital Programme.

##### **17 Marriott Primary School New Proposal Block A**

The minor refurbishment of the school, with the provision of a new full service kitchen. The approximate value of the project is £1.1m.

##### **18 Rowlatts Hill Primary School New Proposal Block A**

The minor refurbishment of the school, with a new ICT facility and the provision of a new full service kitchen. The approximate value of the project is £1.2m.

##### **19 Evington Valley Primary School New Proposal Block A**

A new extension to create a class base, community room and staff room with minor refurbishment of the school. The approximate value of the project is £1.2m.

**20 St Barnabus Primary School New Proposal Block A**

A new building to create four class bases, a new kitchen and hall, with a minor refurbishment of the school. Allowance has also been made for the purchase of Church land adjacent to the school site. The approximate value of the project is £1.9m.

**21 Rolleston Primary School New Proposal Block A**

A new extension with a minor refurbishment of the school. The approximate value of the project is £1.2m.

**22 Forest Lodge Primary School New Proposal Block A**

Allowance for the feasibility study for the proposal of a new school. The approximate value is £0.15m

**23 Mellor Primary School New School/ Extension New Proposal Block C**

There are two main options for the project either the replacement of the Infant block or the complete re-build of the school. If only part of the school is replaced the balance of funding will be re-allocated back into the PCP. The approximate value of the project is up to £6.6m.

**24 Merrydale Junior School New Proposal Block A**

Two extensions to create a new administration area and staff room extend the existing hall, with a minor refurbishment of the school. It is proposed to bring this project up the priority list due to works currently being carried out at the school through the classroom replacement programme. It is proposed to enter into contract with the framework contractor currently on site for the PCP works. The approximate value of the project is £0.8m.

**25 Barley Croft Primary School New Proposal Block A**

Major refurbishment of the school to include the creation of dedicated circulation, specialist areas and flexible teaching accommodation. The approximate value of the project is £2.5m.

**26 Feasibilities for future Phases New Proposal Block A**

To progress future projects on the programme, feasibilities studies are required to establish accurate costs. An allowance has been included of £0.25m for professional fees and site investigations on future projects.

**27 Contingency New Proposal Block A**

A contingency sum is required, as no on site feasibilities studies have been carried out to establish accurate costs for the new schemes. This is due to various reasons such as the need for consultation with schools, the timing of the programme, the requirement for the government to approve the Primary Strategy for Change prior to access to funding.

The £1.0m proposal represents 5.5% of the capital cost of the new schemes, which is a reasonable contingency percentage on a construction programme.

**4.6 Capital programme 2009-10 and 2010-11**



4.6.1 **The proposed capital programme is set out in Appendix A and B to this report. Appendix A (pages 21 to 23) provides the expenditure details and Appendix B provides programme and project descriptions.** Below is a summary of the major schemes (existing plans and commitments from previous years or new proposals) that have not been included under BSF and PCP sections of the report.

#### 4.6.2 Other School Projects

##### **28 DFC Existing Commitment & New Proposal Block A**

Schools receive their own devolved capital allocation based upon a formula relating to pupil head count. The funding is flexible and can be used to address locally determined priorities such as suitability issues, improvements on school buildings, health and safety issues and ICT equipment. The value of the existing commitment is £0.3m and the new proposal is £11.2m.

##### **29 School Kitchens Existing Commitment and New Proposal Block A & C**

Kitchen improvement projects have been completed at three schools. The new proposal relates to bids that have been submitted to the government for further funding for kitchen projects; refer to paragraph 4.4.13 of this report. The value of the existing commitment is £0.2m and the new proposal is £1.0m.

##### **30 Classroom Replacement Existing Commitment & New Proposal Block A**

This is an ongoing programme for the replacement of mobile accommodation with new traditionally constructed extensions. Three projects are nearing completion on site and it is proposed for a new project at Upland Infants School to replace existing mobile accommodation. The value of the existing commitment is £1.0m and the new proposal is £0.45m.

##### **31 Secondary Non BSF Existing Commitment**

The construction of a new gymnastic centre at New College and a new netball centre at Soar Valley Community College. The value of the existing commitment is £1.0m.

##### **32 Strategic Development for BSF and PCP New Proposal £1.0m**

A financial contribution towards the continued development of strategic visions, business cases and management of BSF and Primary Capital Programmes (PCP).

#### 4.6.3 Non School Projects

##### **33 Youth Capital Existing and New Proposal Block B**

An ongoing project, which allocates funds to young people's Youth Projects on a bid by bid basis through the Youth stakeholder group. It is proposed that the allocation of the funding is through delegated authority to the Corporate Director of CYPS.

##### **34 Youth Capital Plus Existing Commitment**

A one-off allocation of funds in 2008/09 to deliver a high quality youth facility in a deprived neighbourhood, where crime and anti-social behaviour are a problem. Providing activities at times that both young people and the community want is a focus in development of the facility. A paper was

approved by Cabinet in November 2008 for the allocation of the funding to four Youth Centres.

### **35 Youth Capital My Place**

In the Summer of 2008 the Council submitted a bid to the Big Lottery Fund for £5m to refurbish the existing Haymarket to create a new city centre youth hub. The Council has yet to be advised whether the bid has been successful. As part of the funding for the project it is proposed to allocate a further £1.5m, which is included as part of the corporate capital programme. The My Place bid, if successful will be the subject of a further cabinet report.

### **36 Children Centres Existing Commitment and New Proposals Block C**

The existing commitments relate to final fees and retentions on Phase 1 and Phase 2 of this programme where 18 centres have been created. The new proposals are for 5 new centres under Phase 3, which are detailed within paragraph 4.4.7 of this report. The value of the existing commitment is £0.4m and the new proposal is £1.87m.

### **37 Early Years Sustainable Existing Commitment & New Proposals Block C**

This is the ongoing programme of providing funding for improvement works to properties owned by voluntary or private providers of childcare. The value of the existing commitment is £1.4m and the new proposal is £3m.

### **38 Harnessing Technology Grant Existing Commitment**

This is the ongoing improvement of schools ICT systems. The value of the existing commitment is £2.0m.

### **39 Barnes Heath Residential Home Existing Commitment**

The project consists of internal refurbishment and a new extension. The project commenced in January 2009 and is due to complete in the Autumn 2009. The value of the existing commitment is £0.9m.

### **40 Extended Services New Proposal Block C**

The programme is for the further development of extended services and the creation of Integrated Service Hubs in the City. Please refer to paragraph 4.4.10 for further details. The value of the new proposal is £1.5m.

### **41 DCSF Playbuilder New Proposal Block B**

This is part of a three-year programme from 2008/09 to 2010/11 to invest in more high quality and safe places to play for children. The aim is to transform 20 – 25 play areas, or in some cases build new ones, utilising community engagement and innovative design. The value of the new proposal is £0.4m. This is a joint project with Regeneration and Culture (R&C) with on sites that are the responsibility of each department. Parks and Greens Spaces Services identified the sites that require the highest levels of refurbishment. The sites have been prioritised by the Cabinet Leads for CYPS and R&C. Consultation will also be carried with the local community and children and young people as part of the design process for each individual site. It is proposed that the allocation of the funding is through delegated authority to the Corporate Director of CYPS.

### **42 Short Break Path Finders New Proposal Block B**

This funding is to be used to secure equipment, building adaptations, and new facilities that will support disabled children's short break provision. Short

breaks usually provide opportunities for disabled children and young people to spend time away from their primary carers (being evenings, overnights or weekends). The value of the new proposal is £0.5m. A report is being presented to CYPS DMT, Cabinet Lead and the Children and Young People Strategic Partnership concerning the proposals for the funding. It is proposed that the allocation of the funding is through delegated authority to the Corporate Director of CYPS.

#### **43 Home Access for Target Groups New Proposal Block B**

Resources are provided to target new learners who do not already have access to ICT at “home”, with a focus on those for whom the authority has particular responsibility. The aim is to reach target groups who have not already been assisted by recent or other current programmes. The value of the new proposal is £0.2m. It is proposed that the allocation of the funding is through delegated authority to the Corporate Director of CYPS.

4.6.4 The balance of the capital programme comprises ongoing projects that have been approved previously. These are included in the capital programme for monitoring purposes.

#### **4.7 Resources**

4.7.1 The resources for the programme are detailed in Appendix C of this report, which splits the funding into two parts - existing commitments and new proposals.

4.7.2 The PCP is funded through various funding streams, which are Primary Capital allocations, Modernisation, Central Maintenance Fund, School Access Initiative, and Devolved Formula Capital. The schools funding contributions was the subject of a separate report that was circulated on the Schools Extranet on the 16<sup>th</sup> December 2008.

4.7.3 The CMF contribution is an indicative amount and is based upon historical amounts that have been expended in previous years on primary schools. CYPS and Property Services will continue to work together to align the CMF programme and the Capital Programme. This is to ensure that where possible works are carried out at the same time on buildings to achieve best value and minimise disruption to schools. The contributions from CMF funding will likely to vary year to year and is subject to any changes to the level of investment in the maintenance fund and the prioritisation of the whole Council estate. A further paper will be presented to Cabinet on major condition issues such as the replacement of the Mellor Primary School infant block.

4.7.4 The Primary Strategy for change funding for the whole programme is agreed in principal with the first two years being confirmed and allocated within this report. The remainder of the funding may change and will probably be released in 2 to 3 years periods after future government spending reviews.

#### **4.8 Construction Procurement**

4.8.1 Having established the proposed capital programme, the final discussions required are to determine how building work should be procured.

4.8.2 BSF schools will be procured using the agreed process whereby the LEP designs, builds and maintains schools, including ICT. Some PCP projects may be procured through the LEP if they are co-located on the same site as a secondary school that is being developed under BSF.

4.8.3 With regard to the PCP, the preferred procurement route is via a number of framework contracts. These are contracts where the percentage to be paid to cover profit and overheads has been agreed by competitive tender, and the remaining prices are established by tendering individual packages of work.

Below is a list of some of the frameworks that the Council can use to procure construction works:

- The Council has a £24m framework for education buildings over a 5-year period, which expires at the end of 2009.
- The Nottinghamshire framework, which is open for approximately a further two years but is nearing its tender limit.
- The SCAPE framework, which is open until the summer of 2010 for education projects between £0m to £20m in value.
- The East Midlands Property Alliance (EMPA) minor works framework for Council projects between £0.5m to £2.0m should in place in the summer of 2009.
- The East Midlands Property Alliance (EMPA) intermediate works framework for Council projects between £2.0m to £7.5m should in place in the summer of 2009.
- The East Midlands Property Alliance (EMPA) major works framework for Council projects above £7.5m should be in place in the summer of 2009.

## 5. **Headline Financial and Legal Implications**

### Financial Implications

5.1.1 This report is concerned with the setting of the CYPS Capital Programme, and therefore contains financial implications throughout.  
(Colin Sharpe, Head of Finance and Efficiency, CYPS, ext. 29 7750)

### Legal Implications

5.5 No legal implications arise directly from the report. The Capital Programme proposed confirms the authority is striving to comply to a good standard with the Government's agenda for change for children and its statutory duties as set out in part 2 Children Act 2004 (CA 2004) and supporting regulations to work in partnership with key partners and stakeholders to improve children's well being relating to outcomes identified in CA 2004 which include education, training and education.

(Cathy Healy, Team Leader, Community Services ext 29 6712).

## 6. **Other Implications**

OTHER IMPLICATIONS	YES/NO	Paragraph References Within Supporting
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		information
Equal Opportunities	No	
Policy	No	
Sustainable and Environmental	Yes	Throughout the report
Crime and Disorder	No	
Human Rights Act	No	
Elderly/People on Low Income	No	

**7. Background Papers – Local Government Act 1972**

Children and Young People's Services Capital Strategy & Programme 2008/09 approved by Council on the 27<sup>th</sup> March 2008.  
 Corporate Capital Programme Monitoring Report Period 9 (Cabinet Meeting)  
 Leicester Primary Strategy for Change June 2008  
 Strategy for Change for BSF Part 1 &2.

**8. Report Author/Officer to contact:**

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 Title: Interim Primary Capital Programme Manager

Name: John Garratt Phone: Ext.391654  
 Title: Head of Service for Transforming the Learning Environment

<b>Key Decision</b>	Yes
<b>Reason</b>	Is significant in terms of its effect on communities living or working in an area comprising more than one ward
<b>Appeared in Forward Plan</b>	Yes
<b>Executive or Council Decision</b>	Executive (Cabinet)

## APPENDIX A – DETAILED SPENDING PROGRAMME 2009/10 to 2011/12

SUMMARY OF SPENDING PROGRAMME	2009/10 £ '000'	2010/11 £ '000'	2011/12 £ '000'	Total
<b>Existing plans and Commitments</b>				
School Projects (page 23)	25,041.1	8,492.4	1,273	
Non School Projects (page 24)	4,629.8	2,890.1	111.0	
<b>Sub Total</b>	<b>29,670.9</b>	<b>11,382.5</b>	<b>1,384</b>	<b>42,437.4</b>
<b>New Proposals</b>				
School Projects (page 25)	9,923.7	16,392	5636.9	
Non School Projects (page 26)	2,228.0	3,096	2,354.3	
<b>Sub Total</b>	<b>12,151.7</b>	<b>19,488</b>	<b>7,991.2</b>	<b>39,630.9</b>
<b>Reduction/Additional Sums for Existing Schemes</b>				
School Projects (page 27)	-5.7	0	0	
Non School Projects (page 28)	198.0	0	0	
<b>Sub Total</b>	<b>192.3</b>	<b>0</b>	<b>0</b>	<b>192.3</b>
<b>Grand Total of Spending Programme</b>	<b>42,014.9</b>	<b>30,870.5</b>	<b>9,375.2</b>	<b>82,260.6</b>
<b>Resources</b>				
Existing plans and Commitments and Additions funded from Resources b/f from 2008/09	<b>29,863.2</b>	<b>11,382.5</b>	<b>1,384</b>	<b>42,629.7</b>
New Proposals funded from new resources 2009/10 & 2010/11	<b>12,151.7</b>	<b>19,488</b>	<b>7,991.2</b>	<b>39,630.9</b>
<b>Total of Resources</b>	<b>42,014.9</b>	<b>30,870.5</b>	<b>9,375.2</b>	<b>82,260.6</b>

### Notes

a) Appendix A details the programme under the headings of School and Non School projects.

b) The target for actual expenditure in a financial year is at least 90% of the Capital Programme, excluding those projects, which have significant third party involvement. The projects or programmes, which have, third party involvement total £10.3 m and therefore the element of the Capital Programme, which relates to the target totals £31.7 m.

c) The sum of £42.6 for existing plans and additions comprises of funding allocated before March 2009 but programmed for spend in later years plus slippage carried forward from last years programme.

**APPENDIX A– DETAILED SPENDING PROGRAMME 2009/10 to 2011/12**  
Continued

NR	TITLE OF PROGRAMME / PROJECT	2009/10 £ '000'	2010/11 £ '000'	2011/12 £ '000'
	<b><u>Existing plans and Commitments</u></b>			
	<b><u>School Programme and Projects</u></b>			
<b>1A</b>	<b>Devolved Formula Capital</b>	296.3	3525.0	0
<b>2A</b>	<b>Environmental and Educational Projects</b>	255.1	100	0
<b>3A</b>	<b>Schools Access Initiative-Devolved</b>	58.2	0	0
<b>4A</b>	<b>School Kitchens</b>	165.8	0	0
<b>5A</b>	<b>Individual Access Needs Top Sliced</b>	225.8	98.4	0
<b>6A</b>	<b>Classroom Replacement Programme</b>			
6.1A	Completed Projects Final Account/Retentions	104.5	0	0
6.2A	Coleman Primary School	110	30	0
6.3A	Charnwood Primary School	386.9	30	0
6.4A	Merrydale Junior	351.9	30	0
<b>7A</b>	<b>Secondary Schools non BSF</b>			
7.1A	New College School Funding	23.3	0	0
7.2A	Fullhurst Temporary Mobiles	0	0	0
7.3A	New College Gymnastic Centre	320	0	0
7.4A	Soar Valley Netball Centre	659	40	0
7.5A	Fullhurst Muga Pitch	101	0	0
<b>8A</b>	<b>Foundation Stage Improvements</b>			
8.1A	Final Fees	0	0	0
<b>9A</b>	<b>Minor Works</b>	7	0	0
<b>10A</b>	<b>New Opportunities Sport Programme</b>			
10.1A	Outdoor Education Centre	0	0	0
<b>11A</b>	<b>Braunstone Amalgamations</b>			
11.1A	Completed Projects Retentions	22.9	0	0
<b>12A</b>	<b>Avenue Primary School Amalgamation</b>	26.7	0	0
<b>13A</b>	<b>Primary Capital Programme</b>			
13.1A	Taylor Road Primary School	6,124	500	0
13.2A	Sparkenhoe Primary School	921.7	100	0
13.3A	Humberstone Infant and Junior	2,018	500	100
13.4A	Eyres Monsell Primary School	3,114	100	0
<b>14A</b>	<b>Building Schools for the Future</b>			
14.1A	Beaumont Leys Schools	1,098	0	0
14.2A	Fullhurst Community College	2,653	925	0
14.3A	ICT & Internal Costs	5,498	1,487	0
14.4A	Clientside Costs	0	1,027	1,173
14.5A	Cherryleas Assessment Centre	500		
	<b>Total School Programme</b>	<b>25,041.1</b>	<b>8,492.4</b>	<b>1,273</b>











## APPENDIX B – PROGRAMME AND PROJECT DETAILS

Nr	PROGRAMME AND PROJECT DETAILS FOR SCHOOLS	CURRENT PROGRESS	THIRD PARTY INVOLVEMENT
	<b>School Programmes or Projects</b>		
1A/B	<b>Devolved Formula Capital</b>	On going	Yes
	<p>Schools receive their own devolved capital allocation based upon a formula relating to pupil head count. The funding is flexible and can be used to address locally determined priorities such as suitability issues, improvements on school buildings, health and safety issues and ICT equipment.</p> <p>The Department has worked closely with schools to ensure that their own funds are targeted effectively on priorities, in the context of Asset Management Plan information and School Improvement Priorities.</p>		
2A	<b>Environmental and Educational Projects</b>	Complete in summer 09	Yes
	<p>A new programme was introduced in the 2007/08 capital programme, to make schools more sustainable and to create opportunities for children and young people to learn about sustainability through their school buildings. Through collaboration with other departments of the Council and external bodies, various funding streams are being combined, including Low Carbon Partnership funding.</p> <p>The initiative proved to be very popular with schools; thirty Primary Schools submitted expressions of interest to join the programme. The schools were prioritised in relation to their current energy consumption. The main areas of work that have been identified are the replacement of light fittings, sensed lighting controls and improvements to heating and energy management systems. Over the summer and autumn of 2008 14 number of schools have had Early Payback projects completed. A further 12 schools have had feasibility studies carried out in early 2009 and it is envisaged that these works will be carried out in Spring and Summer of 2009. The remainder of the funding will be used on Renewable Micro-generation projects on a number of the schools that have had Early Payback projects completed. Feasibilities studies have been carried out and the projects will be prioritised on a value for money basis compared to the amount of energy generated. It is planned that these works will be carried out in the Spring and Summer of 2009.</p>		

	<b>PROGRAMME AND PROJECT DETAILS FOR SCHOOLS</b>	<b>CURRENT PROGRESS</b>	<b>THIRD PARTY INVOLVEMENT</b>
<b>2A</b>	<b>Environmental and Educational Projects Cont.</b>		
	<p>The sources of funding for the programme will consist of: Devolved Formula Capital (DFC), Prudential Borrowing, Advance of Modernisation Capital Funding 2008/09 to 2010/11, Local Authority Energy Finance Fund LAEF and Low Carbon Buildings Programme Phase 2 LCBP2.</p> <p>Funding applications were submitted to the Low Carbon Buildings Programme Phase 1 in September 2007 in connection with the Building Schools for the Future Programme. Bids were submitted for 50 kw wind turbines at Judgemeanow Community College and Beaumont Leys Secondary School. The Judgemeanow Community College bid was successful. During the planning process it was established that the proposed wind turbine did not meet the statutory requirements for noise and therefore the erection of this size wind turbine was not permitted. A feasibility study is currently in progress on a smaller 20kw wind turbine, which meets the noise requirements for planning. If it proves viable it is envisaged that subject to planning being granted the turbine will be erected in the Summer of 2009.</p> <p>Another funding party maybe interested in part funding the turbine at Beaumont Leys and this is dependant on the outcome of the feasibility study at Judgemeanow Community College for the 20kw turbine.</p> <p>The Council submitted sustainable bids amounting to £1.6m for environmental improvements and on site renewables on two schools, Eyres Monsell Primary School and Rushey Mead Secondary School. The bids were submitted to the government in November 2008. In January the Council have been advised that the Eyres Monsell bid was not successful but the Rushey Mead bid is under consideration. The government will require further details of the bid and they have made the statement that the vast majority of the bids under consideration are likely to be supported. If the bids are successful it is proposed that the Corporate Director in conjunction with the Cabinet Lead has delegated authority to proceed with the projects.</p>		
<b>3A</b>	<b>Schools Access Initiative-Devolved</b>	On going	Yes
	Funding is provided for access improvements in mainstream schools. Schools were invited to bid for part of the funding in 2006/07 and the sums shown in Appendix 2 is the remainder of expenditure that was devolved to schools.		

	<b>PROGRAMME AND PROJECT DETAILS FOR SCHOOLS</b>	<b>CURRENT PROGRESS</b>	<b>THIRD PARTY INVOLVEMENT</b>
<b>4A, B&amp;C</b>	<b>School Kitchens</b>	On going	Yes
	<p>Three kitchens projects have been completed at Dovelands Primary School, Stokes Wood Primary School and Caldecote Primary School during 2007.</p> <p>The government is providing a national fund of £100 million that local authorities can bid for to improve kitchens in school. Both BSF and PCP projects already include a number of kitchen improvements. The Council submitted kitchen bids amounting to £6.5m with 10 for Primary Schools and 2 for Secondary Schools in December 2008 and the Council is currently awaiting a response from the government. Out of the 11 Primary School Kitchen bids 6 number are not planned to be improved under the PCP.</p> <p>It is therefore proposed to establish a separate programme for kitchen projects in primary schools that are outside of PCP and top slice £1.0m of capital allocations as match funding for any successful kitchen bids.</p>		
<b>5A</b>	<b>Individual Access Needs Top Sliced</b>	On going	No
	<p>The DCSF funds this programme for access improvements in mainstream schools. A contingency fund of around £200,000 per annum is held by the department to respond to requests from schools to address access improvements for individual named pupils. This is a reactive programme and the majority of pupils are normally identified in the Summer term.</p> <p>The remainder of the funding is proposed to be allocated to the Primary Capital Programme.</p>		
<b>6A, B&amp;C</b>	<b>Classroom Replacement Programme</b>	On going	No
	<p>The Authority has a programme for the replacement of mobile classrooms. The highest priority has been given to the schools with temporary classrooms that are in the worst condition. Since 2002/03, 62 primary school classrooms have been replaced at a cost of approximately £14.6m. The Authority currently has 19 classrooms requiring replacement with funding for 7 classrooms included within the Capital Programme. The cost to complete the remainder of the programme, which is 12 classrooms, is estimated at £3.4m. It is proposed to fund the remaining classrooms from future years Primary Capital and modernisation allocations.</p>		
6.1A	Completed Projects Final Account/Retentions	Complete	No

	<b>PROGRAMME AND PROJECT DETAILS FOR SCHOOLS</b>	<b>CURRENT PROGRESS</b>	<b>THIRD PARTY INVOLVEMENT</b>
<b>6A, B&amp;C</b>	<b>Classroom Replacement Programme Cont</b>		
6.2A	<b>Coleman Primary School</b> The existing mobile classroom has been replaced with an extension mainly constructed of natural or recycled materials such as a timber frame, timber cladding and re-cycled slate roof. The heating for the building comes from ground source heat pumps and it is planned that a wind turbine and photovoltaic cells will be installed in the Spring of 2009.	Main project due to be complete January 2009	No
6.3A	<b>Charnwood Primary School</b> 2 new classrooms, lift and environmental enhancements	Commenced in Jan 2009 completed summer 2009	No
6.4A	<b>Merrydale Junior</b> 2 new classrooms and environmental enhancements	Main project due to be complete February 2009	No
6.5A	<b>Uplands Infant School New Proposal</b> 2 new classrooms, community room and environmental enhancements.	Due to start in autumn 2009 completed spring 2009	No
<b>7A &amp; C</b>	<b>Secondary Schools non BSF</b>		
7.1A	<b>New College School Funding</b> This is the remainder of Fresh Start funding that was allocated direct to the school for minor capital works.	On Going	Yes
7.2A	<b>Fullhurst Temporary Mobiles</b> Temporary mobiles were required to meet the phasing requirements for the refurbishment and new extension at Fullhurst Community College under the BSF programme. The main works have been completed and this is the remainder of this expenditure.	Completed	No
7.3A	<b>New College Gymnastic Centre</b> The construction of a new gymnastic centre at New College. The project is being funded by Sport England and from the New College allocation under BSF (this element of the funding is under written by Basic Need).	Commenced in the summer 2008 and is due for completion in spring 2009	Yes
7.4A	<b>Soar Valley Netball Centre</b> The construction of a new Netball Centre at Soar Valley Community College. The project is being funded by Sport England, Soar Valley Community College, Modernisation and Basic Need funding.	Commenced in the autumn 2008 and is due for completion in spring 2009	Yes

	<b>PROGRAMME AND PROJECT DETAILS FOR SCHOOLS</b>	<b>CURRENT PROGRESS</b>	<b>THIRD PARTY INVOLVEMENT</b>
<b>7A &amp; C</b>	<b>Secondary Schools non BSF Cont.</b>		
7.5A	<b>Fullhurst Muga Pitch</b> The construction of the new Braunstone Skills Centre was sited at Fullhurst Community College and is positioned on the existing muga pitch. This was to be retained under the BSF contract and therefore a new muga pitch has been built at the college.	Project completed	No
<b>8C</b>	<b>Foundation Stage Improvements</b> This is the remainder of expenditure relating to fees on this completed programme.	Project completed	No
<b>9A</b>	<b>Minor Works</b> This expenditure relates to minor improvements to access to enable safety checks for water hygiene on a number of schools	On going	No
<b>10C</b>	<b>New Opportunities Sport Programme</b>		
10.1C	<b>Outdoor Education Centre</b> The high ropes course and phase 1 of works to pathways and landscaping have been completed. A feasibility study has been carried on improvements works at the facility. The Council and the Centre has prioritised the schedule of works and these items will be carried out early in 2009. These works include items such as phase 2 of pathways, landscaping, housing for boats, improvements to reception and changing areas.	Project complete March 2009	Yes
<b>11A</b>	<b>Braunstone Amalgamations</b>		
11.1A	Completed Projects Retentions and fees for newly constructed schools Queensmead Primary School and Braunstone Primary School.	Projects completed	No
<b>12A</b>	<b>Avenue Primary School Amalgamation</b>		
	Avenue Primary School was amalgamated in September 2006. The construction works for the amalgamations commenced in the summer of 2006 and completed in the Spring of 2007.	Project completed	No
<b>13A&amp;B</b>	<b>Primary Capital Programme</b>		
13.1A	<b>Taylor Road Primary School</b> The project consists of the building of a new 3-form entry school. The new school is planned to open in September 2009 with the externals being finished in the January of 2010. The existing school will be demolished during August 2009.	Due to be completed in early 2010	No
13.2A	<b>Sparkenhoe Primary School</b> The project consists of forming three new classrooms, the creation of corridors and the increase in size of the existing class bases to the main school and to Gospel Street.	Due to be completed in summer 2009	No



	<b>PROGRAMME AND PROJECT DETAILS FOR SCHOOLS</b>	<b>CURRENT PROGRESS</b>	<b>THIRD PARTY INVOLVEMENT</b>
<b>13A&amp;B</b>	<b>Primary Capital Programme Cont.</b>		
	<b>Sparkenhoe Primary School Cont.</b> These works are to resolve, overcrowding, health and safety issues and to also to make the adjustment to the existing accommodation to meet DCSF guidance Building Bulletin 99.		
13.3A	<b>Humberstone Infant and Junior</b> The project was approved by cabinet in January 2009 for the construction works to enable collaborative working between the Infant and Junior schools. The works involve the construction of a shared hall, administration areas, staff room, linked corridors and the replacement of 5 nr mobile classrooms.	Due to commence in February 2009 and due to completed in the summer of 2010	No
13.4A	<b>Eyres Monsell Primary School</b> The project was approved by cabinet in January 2009 and involves the consolidation of the Primary School into the Junior building as a result of a reduction of pupils. The remaining building will provide permanent accommodation for the Children Hospital School (CHS). The project involves the full refurbishment of the Junior school, replacement of heating services, the creation of new children centre, reception and community room. A small allowance is included for minor works to enable the CHS to move into the Infant building. The main refurbishment of this building is proposed to be carried out under the BSF.	Due to commence in March 2009 and due to completed at the end of 2009	No
13.5B	<b>Pupil Place Planning Data Computer Software New Proposal</b> In order to plan and determine our investment priorities for the Capital Programme, the TLE section have to collect school data such as surplus places, over subscription, condition, suitability, accessibility, extended services and sufficiency. This information is collected annually and inputted manually which takes up a considerable amount of a staff time. It is proposed to purchase a database system that can capture, manage and analyse the schools property data and pupil places information. If approved it is planned that the system will be in place by the Autumn of next year ready for next year Capital Programme.	Completed by Autumn 2009	No
13.6B	<b>Marriott Primary School New Proposal</b> A minor refurbishment of the school and the provision of a new full service kitchen.	Due to commence in the autumn of 2009 and due to completed in the spring 2010	No

	<b>PROGRAMME AND PROJECT DETAILS FOR SCHOOLS</b>	<b>CURRENT PROGRESS</b>	<b>THIRD PARTY INVOLVEMENT</b>
<b>13A&amp;B</b>	<b>Primary Capital Programme Cont.</b>		
13.7B	<b>Rowlatts Hill Primary School New Proposal</b> A minor refurbishment of the school with a new ICT facility and the provision of a new full service kitchen.	Due to commence in the autumn 2009 and due to completed in the spring 2009	No
13.8B	<b>Evington Valley Primary School New Proposal</b> A new extension to create a class base, community room and staff room, with a minor refurbishment of the school.	Due to commence in autumn 2009 and due to completed in the summer 2009	No
13.9B	<b>St Barnabus Primary School New Proposal</b> A new building to create four class bases, a new kitchen and hall, with a minor refurbishment of the school. Allowance has also been made for the purchase of land belonging to the church, which is adjacent to the school site.	Due to commence in spring of 2009 and due to completed in the spring 2010	No
13.10B	<b>Rolleston Primary School New Proposal</b> A new extension with a minor refurbishment of the school.	Due to commence at the end of 2009 and due to completed summer 2009	No
13.11B	<b>Forest Lodge Primary School New Proposal</b> Allowance for the feasibility study for the proposal of a new school.	Consultation to commence in Spring 2009	
13.12B	<b>Mellor Primary New Primary School/ Major Extension New Proposal</b> As part of the PCP Strategy of Change paragraph 4.2 Prioritisation Criteria it is stated that in extenuating factors such as major condition issues, schools outside the top 50% can be brought into the programme. A further need has been identified at Mellor Primary School due to the Infant building having structural issues and the building requiring replacement. This school was originally not included in the schools being improved under the PCP. There are two main options for the project either the replacement of the Infant block or the complete re-build of the school. This project will be the subject of further Cabinet paper. If only part of the school is replaced the balance of funding will be re-allocated back into the PCP.	Due to commence at the end of 2009 and due to completed in the spring of 2011	No

	<b>PROGRAMME AND PROJECT DETAILS FOR SCHOOLS</b>	<b>CURRENT PROGRESS</b>	<b>THIRD PARTY INVOLVEMENT</b>
<b>13A&amp;B</b>	<b>Primary Capital Programme Cont.</b>		
13.13B	<b>Merrydale Junior School New Proposal</b> Extensions to create a new administration area, staff room and extend the existing hall, with a minor refurbishment of the school.	Due to commence in the spring 2009 and due to completed in the summer 2009	No
13.14B	<b>Barley Croft Primary School New Proposal</b> Major refurbishment of the school to include the creation of dedicated circulation, specialist areas and flexible teaching accommodation.	Planned to commence in the summer of 2010	No
13.14B	<b>Feasibilities for future Phases New Proposal</b> To progress future projects on the programme, feasibilities studies are required to establish accurate costs. An allowance has been included for professional fees and site investigations on future projects.	Ongoing through 2009 and 2010	No
13.15B	<b>Contingency New Proposal</b> A contingency sum is required, as no on site feasibilities studies have been carried out to establish accurate costs for the new schemes. This is due to various reasons, including the need for consultation with schools, the timing of the programme and the requirement for the government to approve the Primary Strategy for Change prior to access to funding. The £1.0m represents 5.5% of the capital cost of the new schemes, which is a reasonable contingency percentage on a construction programme.	N/A	No
<b>14A&amp;B</b>	<b>Building Schools for the Future</b>		
14.1A	<b>Beaumont Leys Schools Phase 1</b> This construction of a new secondary school for 1050 pupils commenced on site in the summer of 2007 and the new school is due to open in spring 2009. Externals are due to be completed at the end of 2009.	See description	No
14.2A	<b>Fullhurst Community College Phase 1</b> The refurbishment and extension of a secondary school for 900 pupils. The project commenced on site in the Summer of 2007 and the school is due to open on the Autumn of 2009, with demolition and completion of externals in the Summer of 2010.	See description	No
14.3A	<b>ICT &amp; Internal Costs Phase 1</b> Provision of a new data network for secondary schools in Leicester, funded as part of the national BSF programme.	See description	No

	<b>PROGRAMME AND PROJECT DETAILS FOR SCHOOLS</b>	<b>CURRENT PROGRESS</b>	<b>THIRD PARTY INVOLVEMENT</b>
<b>14A&amp;B</b>	<b>Building Schools for the Future Cont.</b>		
	<b>ICT &amp; Internal Costs Phase 1 Cont.</b> Phase 1 is due to complete by June 2009 and Phase 2 is proposed to complete by the end of 2011.		
14.4A	<b>Clientside Costs Phase 1</b>	N/A	No
14.5A	<b>Cherryleas Assessment Centre Phase 2b</b> This covers the refurbishment and upgrading of the Cherryleas child assessment centre.		No
14.6B	<b>ASD unit at West Gate School Phase 2a</b> The installation of mobile accommodation to create Autism Spectrum Disorder (ASD) provision. Currently 10 pupils have to travel beyond the city boundary for their education. It is not possible for a permanent building to be constructed as the site is planned to be developed in future phases of BSF.		
14.7B	<b>ASD unit at English Martyrs Phase 2a</b> The installation of mobile accommodation to create Autism Spectrum Disorder (ASD) provision. Currently 10 pupils have to travel beyond the city boundary for their education. It is not possible for a permanent building to be constructed as the site is planned to be developed in future phases of BSF.		
<b>25B</b>	<b>Strategic Development for BSF and PCP</b>		
	A financial contribution towards the continued development of strategic visions, business cases and management of the BSF and Primary Capital Programmes (PCP).		

	<b>PROGRAMME AND PROJECT DETAILS FOR NON SCHOOLS</b>	<b>CURRENT PROGRESS</b>	<b>THIRD PARTY INVOLVEMENT</b>
<b>15A</b>	<b>Youth Capital Funding</b>		
15.1A	<b>Youth Capital Funding Block B</b> An ongoing project, which allocates funds to young people's Youth Projects on a bid by bid basis through the Youth stakeholder group. It is proposed to allocate the funding through delegated authority to the Corporate Director of CYPS. The annual funding of £209K is confirmed up to the end of 2010/11.	Ongoing	Yes
15.2A	<b>Youth Capital Plus</b> A one-off allocation of funds in 2008/09 to deliver a high quality youth facility in a deprived neighbourhood, where crime and anti-social behaviour are a problem. Providing activities at times that both young people and the community want is a focus in development of the facility. A paper was approved by Cabinet in November 2008 for the allocation of the funding to four Youth Centres.	Ongoing	Yes
15.3A	<b>My Place Bid Match Funding</b> In the Summer of 2008 the Council submitted a bid to the Big Lottery Fund for £5m to refurbish the existing Haymarket to create a new city centre Youth Hub. The Council has yet to be advised whether the bid has been successful. As part of the funding for the project it is proposed to allocate a further £1.5m, which is part of the corporate capital programme. The My Place bid if successful will be the subject of a further report.	N/A	Yes
<b>16A</b>	<b>Braunstone Skills Centre</b> The construction of a new vocational centre at the Fullhurst Community College was completed in January 2009. This expenditure relates to the payment of final fees and retentions.	Complete	Yes
<b>17A,B&amp;C</b>	<b>Children Centres</b> The overall aim of the programme is to improve outcomes for all children and close the outcome gap for children living in our most disadvantaged areas. Under Phase 1 and 2 of the programme 18 centres have been constructed which provide a range of integrated neighbourhood level services that focus on prevention and early intervention to approximately 16,400 children under the age of 5. Under Phase 3 of the programme it is proposed to establish a further 5 centres in the following areas: <ul style="list-style-type: none"> <li>• 2 in the Highfields Area</li> <li>• 1 in the Aylestone Area</li> <li>•</li> <li>• 1 in the Woodgate Area</li> <li>• 1 in the Hamilton Area</li> </ul>		

	<b>PROGRAMME AND PROJECT DETAILS FOR NON SCHOOLS</b>	<b>CURRENT PROGRESS</b>	<b>THIRD PARTY INVOLVEMENT</b>
<b>17A,B&amp;C</b>	<b>Children Centres Cont.</b>		
	<p>Members have previously agreed the priority ranking criteria, which will aid the final selection of the sites.</p> <p>The agreed priority criteria ranked in preference order is listed below:</p> <ol style="list-style-type: none"> <li>1. Primary school site within pram pushing distance of the community.</li> <li>2. Existing Local Authority buildings identified through a property review.</li> <li>3. Partner agency buildings.</li> </ol> <p>The Early Years team and other partners have been working on the proposed site locations for each centre for approximately one year, the exact locations are being finalised.</p>		
	<p>The final deadline for the completion and designation of the new centres is the end of March 2010</p> <p>The final costs for each centre have not been established it is proposed to allocate the £1.87m funding equally between the 5 centres.</p> <p>A further Cabinet report will be prepared detailing the location of each centre and the proposals for expenditure.</p>		
17.1A	Children Centres Phase 1 Completed Projects Final Account/Retentions	Complete	Yes
17.2A	Children Centres Phase 2 Completed Projects Final Accounts/Retentions	Complete	Yes
17.3B	2 Centres Highfields Area <b>New Proposal</b>	Commence in the summer 2009 and complete by March 2010	Yes
17.4B	Centre in Aylestone Area <b>New Proposal</b>	Commence in the summer 2009 and complete by March 2010	Yes
17.5B	Centre in Woodgate Area <b>New Proposal</b>	Commence in the summer 2009 and complete by March 2010	Yes
17.6B	Centre in the Hamilton Area <b>New Proposal</b>	Commence in the summer 2009 and complete by March 2010	Yes

	<b>PROGRAMME AND PROJECT DETAILS FOR NON SCHOOLS</b>	<b>CURRENT PROGRESS</b>	<b>THIRD PARTY INVOLVEMENT</b>
<b>18A</b>	<b>City Learning Centres</b>	Ongoing	No
	The fitness suite at the Crown Hills City Learning Centre was completed in Dec 2006. The balance of the allocated funding will be used for new equipment within the centres.		
<b>19A&amp;B</b>	<b>Early Years Sustainable Grant</b>	Ongoing	Yes
	This grant relates to childcare sustainability and is intended to help develop and expand the childcare infrastructure in the voluntary and private sectors. The grant is for 3 years at the rate of £1.4m per year from 2008/09 and is a continuation of the Phase 2 Sure Start programme. Voluntary and private sectors childcare providers are invited to submit applications for funding to improve childcare facilities, which are submitted to the Key Stakeholders Panel for approval. The Key Stakeholders panels was set up under the Phase 2 Sure Start programme, to assess bids for funding under the Childcare and Extended Services. It is proposed that the Corporate Director in conjunction with the Cabinet Lead is given the delegated authority to approve the allocation of this funding following approval by the Key Stakeholders Panel.		
<b>20A</b>	<b>Harnessing Technology Grant</b>		
	The Harnessing Technology Grant for ICT of £2.991 million over 3 years and the £482,176 other ICT grant will be used to support the delivery of the Government's E Strategy, known as Harnessing Technology: Transforming Learning and Children's Services, in particular Priority 3 (A collaborative approach to personalised learning activities) and Priority 6 (A common digital infrastructure to support transformation and reform). It will also be used to support the "real time" reporting on pupil progress, announced in the Children's' Plan. In particular that by September 2008 all secondary schools will be expected to provide information to parents covering achievement, progress, attendance, behaviour and special needs, on a timely and frequent basis – this should be at least once per term. By September 2010 all secondary schools will need to offer parents real-time access to this information (including the opportunity for secure online access) wherever they are and whenever they want. Primary schools must also meet the basic requirement by September 2010 and the real time requirement by 2012.		

	<b>PROGRAMME AND PROJECT DETAILS FOR NON SCHOOLS</b>	<b>CURRENT PROGRESS</b>	<b>THIRD PARTY INVOLVEMENT</b>
<b>20A</b>	<b>Harnessing Technology Grant Cont.</b>		
	By September 2010 all secondary schools will need to offer parents real-time access to this information (including the opportunity for secure online access) wherever they are and whenever they want. Primary schools must also meet the basic requirement by September 2010 and the real time requirement by 2012.		
	<p>Spending priorities are for <b>2009 - 2010</b>:</p> <ul style="list-style-type: none"> <li>• Costs associated with the continued participation of Leicester City in embc (our regional broadband provider) for 3 years – the duration of the new contract. The amount the government allocate to be retained for this purpose is 25% <b>£249,733</b></li> <li>• Contribution (50%) to the Capital costs of the Learning Platform solution software (Fronter) for all schools. <b>£52,000</b>.</li> <li>• Funding to be devolved to Schools for infrastructure development, <b>£670,000</b>. This will be devolved on a formulae based on fixed amount per school topped with an amount per pupil.</li> <li>• Content development and pilots of new technologies to benefit the transformation of learning and teaching <b>£27,200</b></li> <li>• LA wide access to resources to benefit all school pupils including looked after children which will maximise the learning benefits of current and future Home Access initiatives <b>£100,000</b></li> </ul>	<p>Ongoing</p> <p>Ongoing</p> <p>Ongoing</p> <p>Ongoing</p> <p>Ongoing</p>	<p>Yes</p> <p>Yes</p>
	<ul style="list-style-type: none"> <li>• Upgrades to school connectivity to provide increased bandwidth for schools to facilitate for example the transformation agenda. This will also involve costs of upgrading Leicester City share of the core regional network. <b>£200,000</b></li> </ul> <p>Planning for future broadband network, possibly locally provided, to ensure continued best value for Leicester City utilising technological advances. This will include upgrading tail end circuits (the connection between the local exchange and the school) Investment in the local infrastructure to better allow choice at the end of the current embc contract, as agreed in the Cabinet report of July 24<sup>th</sup> 2006 <b>£180,000</b></p>	<p>Ongoing</p> <p>Ongoing</p>	<p>Yes</p> <p>Yes</p>



	<b>PROGRAMME AND PROJECT DETAILS FOR NON SCHOOLS</b>	<b>CURRENT PROGRESS</b>	<b>THIRD PARTY INVOLVEMENT</b>
<b>21A</b>	<b>Barnes Heath Residential Home</b>		
	The project consists of an extension, which incorporates an outreach and day-care base, a meeting room/facility for staff, partner agencies and voluntary groups, modifications to the current works areas for co-location of staff, improvements to external play areas and on-site car parking facilities.	On site Jan 2009 complete in the Autumn	No
<b>22A</b>	<b>Children Residential Homes</b>	On going	No
	These projects relate to improvements to Children Residential Homes. Funding has been secured from the Corporate Capital Programme for £0.1m per annum for four years from 2008/09 to 2011/12. The Children Homes Managers' Group and the Planning and Property Section have established priority lists for the improvements to the properties, which also take into account any requirements from statutory inspections.		
<b>23A</b>	<b>New Policy Development Coleman Ball-court</b>		
	The construction of a new community ball-court near the Coleman Neighbourhood Centre. A feasibility study is underway to provide an accurate estimate for the works, however the initial estimate is substantial more than the funding allocated from corporate resources. It is likely that a Director's Action will be required to secure further funding for the project.	Commence on site Spring 2009 completion in summer 2009	No
<b>24A</b>	<b>Childrens Play Programme</b>	On going	No
	The Council has been successful in obtaining a grant from the Big Lottery Fund under the Children's Play Programme, which will pay for a portfolio of play projects over 3 years. The funding will be used for 2 Open Minded Spaces, 2 Multi Use Activity Areas, a Natural Climate Play Trail, Mobile Play and 3 Play Areas.		
<b>27B</b>	<b>Extended Services New Proposal</b>	On going	Yes
	The council has an ambitious plan to establish 0-12 and 13-19 integrated services hubs to deliver integrated services in 8 localities across the city. There is £1.5m available for Extended Services with a small allowance within the BSF programme for extended services for secondary children that might be used for this purpose. Nevertheless, strict ring-fencing of BSF funds for school use only continues to present more investment in integrated services in secondary schools. Consultation on the locations on the Integrated Service Hubs is due to be completed in spring of 2009.		

	<b>PROGRAMME AND PROJECT DETAILS FOR NON SCHOOLS</b>	<b>CURRENT PROGRESS</b>	<b>THIRD PARTY INVOLVEMENT</b>
	<b>Extended Services Cont.</b>		
	Once the locations have been established feasibility studies can commence to establish the costs for the work and either commission the work through Property Services on sites owned by the Council or allocated to partner agencies where sites are not owned by the Council. It is envisaged where possible the ISH programme will be aligned with the PCP or BSF programmes. A further report will be prepared on the outcome of the consultation on the proposed locations of the hubs and expenditure of the funding.		
<b>28B</b>	<b>DCSF Playbuilder Grant</b>		
	This is part of a three-year programme from 2008/09 to 2010/11 to invest in more high quality and safe places to play for children. Six sites were developed in 2008/09 and a further 14-19 sites will be developed over the next 2 years. Development in this context is taken to mean the complete or substantial replacing of old equipment for new, or the building of a new play area.	On going	No
<b>29B</b>	<b>Short Break Path Finders</b>		
	The Disabled Children and Young People's Board have been involved in consultation over the last twelve months to review service developments in line with guidance from Aim Higher for Disabled Children. A formal proposal for spend and resource allocation will be put to DCYPB, the Parent's Forum, the PCC and the Disabled Children and Young Persons Forum in February 2009. Recommendations will be taken to DMT and LCYPSP in February and March 2009 respectively. The commitment is to strengthen universal provisions to ensure that they are inclusive and accessible, as well as developing targeted and specialist services, and ensuring that increased short break opportunities are offered through all of these.	On going	No
<b>30B</b>	<b>Home Access for Targeted Groups</b>		
	Having been awarded shortly before Christmas 2008, the planning meetings for this initiative have not yet taken place. Discussions and consultations will be held with the Social Care and Safeguarding division with a view to identifying the children who will benefit most from this assistance.	On going	No

	<b>PROGRAMME AND PROJECT DETAILS FOR NON SCHOOLS</b>	<b>CURRENT PROGRESS</b>	<b>THIRD PARTY INVOLVEMENT</b>
<b>30B</b>	<b>Home Access for Targeted Groups</b>		
	Being aimed particularly at the authority's "looked after" children, it might pick up KS2 children who were not targeted by the Computers for Pupils initiative. It is not restricted to any particular age group.		

## APPENDIX C – RESOURCES 2009/10 to 2011/12

Table 1 Resources Available

<b><u>New Resources</u> <u>2008/09 to 2010/11</u></b>	<b>01-Apr-09 Bals b/fwd £'000'</b>	<b>Resources Received  2009/10 £'000'</b>	<b>Resources Received  2010/11 £'000'</b>	<b>Resources Received  2011/12 £'000'</b>	<b><u>Total</u> £'000'</b>
<b>Grants &amp; Contributions</b>					
Capital Receipts	575.0	480.0	260.0	3,737.0	5,052.0
Devolved Formula Capital	3921.9	5553.1	5553.1	0.0	15,028.1
IT Capital Grants	98.5	998.9	1,090.1	0.0	2,187.4
Modernisation Grants	13.1	3119.9	0.0	0.0	3,133.0
Primary Capital Programme	0.0	12,286.8	0.0	0.0	12,286.8
School Contributions	177.2	307.0	200.0	200.0	884.2
Surestart	2,871.8	2967.8	2,325.8	0.0	8,165.4
Targeted Capital Fund	6,189.0	0.0	0.0	0.0	6,189.0
Other Grants & Contributions	2,177.9	1,767.1	1,618.6	0.0	5,563.6
BSF - D&B Phase 1	14,061	300.0	0.0	0.0	14,361
<b>Corporate Resources &amp; Borrowing</b>					
Basic Need	165.1	4227.2	4227.2	0.0	8,619.5
Corporate Funds	1645.5	100.0	100.0	1,500.0	3,345.5
Capital Fund General	1,997.7	0.0	0.0	0.0	1,997.7
Capital Fund Taylor Rd	100.0	0.0	0.0	0.0	100.0
Coleman Ball Court	130.0	0.0	0.0	0.0	130.0
Modernisation Borrowing	671.1	2,319.4	0.0	0.0	2,990.4
SAI Borrowing	28.0	1,225.2	0.0	0.0	1,253.2
<b>Total Resources</b>	<b>34,822.8</b>	<b>35,652.4</b>	<b>15,374.8</b>	<b>3,937</b>	<b>91,287</b>
<b>Deduct Expenditure for Capital Programme</b>					<b>(82,261)</b>
<b>Funding Difference</b>					<b>9,026</b>

## APPENDIX C – RESOURCES 2009/10 to 2011/12

**Table 2 Build of Funding Difference**

<b>Description</b>	<b>Total £'000'</b>
Loan to Corporate Centre, to be repaid from 2012 onwards	2,400
Capital Receipts, a provisional estimate which is not secured	5,052
Unallocated Basic Need	1,574
<b>Funding Difference Total</b>	<b>9,026</b>

### Notes

- a) The above table breaks down the funding that is brought forward from 2008/09 and the new funding for 2009/10 and 2010/11. Government funding for 2011/12 has not yet been announced, as it falls outside of the current Comprehensive Spending Review period.
- b) The funding includes £540k as an indicative contribution from Resources for the CMF contribution towards the PCP. This relates to £270k per year for the first two years of the PCP. It is proposed that £270k is the indicative annual contribution towards the PCP but is subject to future levels of CMF allocations and prioritisation of the whole Council estate.
- c) The resources of £91,287k represent the funding currently available over the next two years apart from future Phases of BSF not included in this report.
- d) Table 2 shows a breakdown of the difference between the total resources and expenditure included in this report. The difference of £9,026k is £2,400k relating to the temporary loan to the Corporate Centre due to the down turn in the economy, £5,052k relating to capital receipts not secured and £1,574k of Basic Need which has not yet been allocated. However as stated under paragraph 4.44 there could be a substantial increase in pupil numbers with no identified funding to fund the extensions to the school stock required, or other needs, priorities and contingencies that may arise during the life of the programme.
- e) The My Place match funding of £1,500k is included under corporate funds.
- f) Part of the Basic Need funding is being used to underwrite projects under the BSF and PCP programmes and it is anticipated that future years allocations will be used to repay these elements. If future funding is received this will increase the funding difference by £4.2m.

## APPENDIX D - RISK ASSESSMENT MATRIX

Nr	Risk	Likelihood L/M/H	Severity Impact L/M/H	Control Actions (if necessary/or appropriate)
1	Overspending on a project or programme of projects	M	M	Robust financial management of the Outturn of projects and programmes. Review and stop if possible any non-essential works on projects. Review overall funding versus expenditure on the programme of projects and consider which uncommitted projects should not be carried out. See item 1 Control Actions for meeting shortfalls in funding.
2	Funding being withdrawn	L	H	Robust management of the conditions of grants from funding bodies. If funding is with drawn review progress position of projects and stop all expenditure where possible to mitigate shortfall. See item 1 Control Actions for meeting shortfalls in funding
3	Slippage	H	L	Robust profiling of expenditure on programmes where possible. Monthly progress monitoring meetings with RAD and reporting back to Members through the periodic Capital Monitoring Reports.
4	Time Limitations of Funding	M	M	Close monitoring of timelines against anticipated expenditure. In the event of slippage funding sources will be switched to ensure full usage of all time-limited resources.
5	Accuracy of Estimates	M	M	Using tendering data and indices to estimate the likely cost of projects. On each project where possible a feasibility report and estimate is carried out to establish the likely cost of the project. In certain instances, such as extensions to schools, a more detailed study with site investigations is carried out to obtain more cost certainty.
6	Funding not secured	M	L	All funding included in this programme is secured apart from future BSF and PCP allocations. Certain projects have been needed to be brought forward and these have been underwritten by Basic Need funding. This funding will not be committed until the future years BSF and PCP allocations are secured.



WARDS AFFECTED:  
**ALL WARDS**

**FORWARD TIMETABLE OF CONSULTATIONS AND MEETINGS:**

**OSMB  
Cabinet**

**5<sup>th</sup> March 2009  
9<sup>th</sup> March 2009**

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**DEDICATED SCHOOLS GRANT (DSG) OUTTURN  
AND SCHOOL BALANCES 2007/08**

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**Report of the Interim Corporate Director of Children's Services**

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**1 Summary**

- 1.1 The report provides details of the Schools Revenue Outturn 2007/08, which shows an underspend on DSG in 2007/08 (excluding schools) of £3.2m.
- 1.2 It also provides details of schools' balances as at 31<sup>st</sup> March 2008, which increased by £4.0 million to £19.1 million in comparison to 2006/07. This is equivalent to 11.9% of schools' budgets.
- 1.3 An investigation into the increase in balances has been undertaken and is shown in paragraph 2.14 onwards. This leads to an Adjusted Schools Balance of £14.0 million, defined as the gross balances less the items that schools have identified as committed liabilities. This is equivalent to 8.7% of schools' budgets.
- 1.4 Further analysis of schools' balances, based on schools' returns, shows that the amount reported as held for contingency purposes, excluding BSF, is £6.3 million, equivalent to 3.9% of the total schools' budget.
- 1.5 The report also details the action the Council could take to clawback "excessive" balances from schools. Clarification of the intended operation of certain aspects of the current controls will be issued to schools for the close of the current financial year in March 2009. The scheme is to be fully reviewed for March 2010, with a view to addressing what are seen as excessive levels of school balances and supporting the principle that current funding should be spent on current children.

## 2 Report

### Dedicated Schools Grant 2007/08

- 2.1 Dedicated Schools Grant funds individual Schools and also Local Authority (LA) services within the Schools Block; the latter are known as the LA Centrally Retained Items. The amount of the grant depends upon the number of pupils in City Schools and the number of children under five years old in the care of Early Years independent, private and voluntary providers in the January preceding the start of the financial year. The final allocation of DSG for 2007/08 was £181.4m.

### DSG Funded Budgets not Delegated to Schools

- 2.2 Overall, an underspend of £3.2m occurred in 2007/08 on the DSG funded budgets not delegated to schools (known as Central Expenditure Items - the School Specific Contingency and Central Budgets). The key underspends included:
- a) The provision for Special Educational Needs (SEN) to reduce out-of-city placements of £1.2m which was not called upon in 2007/08, and which has since been managed in more effective ways (including as set out at para. 2.3(a) below);
  - b) Funds held centrally for services traded with schools of £0.5m (although a deficit was incurred on the traded services element of the Department's General Fund account). The provision of services traded with schools is to be reviewed;
  - c) Threshold Grant and Newly Qualified Teacher budgets, which underspent by £0.3m;
  - d) Insurance, School Profiles and Potential Amalgamations, which underspent by £0.4m;
  - e) The contingency for Schools in Financial Difficulty, which was not fully utilised and underspent by £0.3m and which is to be called upon in the current financial year, as set out at para. 2.3(b) below); and
  - f) The initially planned "headroom" (or underspend) of £0.3m.
- 2.3 The unspent DSG brought forward into 2007/08 at April 2007 was £2.4m. During 2007/08, £2m of this was used to part-fund the cost of Equal Pay Compensation in Community Maintained Schools. The net balance of £0.4m was added to the £3.2m underspend during the year, to arrive at a closing balance at March 2008 of £3.7m (after rounding). This has been carried forward for use on DSG funded services in 2008/09 and future years. It is anticipated that the underspend of DSG for 2008/09 will not be significant. It is proposed that this £3.7m underspend should be used towards:



- a) Increased capacity and support at Westgate and Keyham Lodge special schools, as agreed at the September Schools Forum meeting (up to £400k in 2008/09);
- b) Increasing the current year budget for Schools in Financial Difficulty, as approved by Schools Forum in December (£245k in 2008/09);
- c) Increasing the current year budgets for Schools Facing Exceptional Cost Pressures, approved by Schools Forum in January 2009 (£620k in 2008/09);
- d) Supporting the pilot project for the extension of the extended flexible entitlement to Nursery Education in the Highfields area, approved by Schools Forum in January 2009 (up to £55k in 2008/09);
- e) Support of educational transformation and attainment through the Transforming Leicester's Learning / Raising Achievement Plan and Transforming the Learning Environment programmes. This could be used to support initiatives with regard to the Improvement Notice issued by the DCSF to the City Council. The initiatives would include city-wide and sector-wide work and targeted support at particular schools. Members of the Schools Forum confirmed their wish to be involved in discussions about how these funds could be applied, with an expectation that they would directly benefit schools in addition to any central initiatives. It was agreed that a further report be brought to the February meeting of the Forum to set these discussions in train; and
- f) Pursuing initiatives to address issues raised through the recent Audit Commission School Survey (which is a national quality assurance questionnaire completed by schools relating to the services provided by their local authority). Schools Forum similarly expressed a desire to be involved in discussions about such initiatives

2.4 The known funding requirements at (a) to (d) above total up to £1.3m in 2008/09. This would leave £2.4m to further support educational transformation and attainment and issues raised by schools as set out in (e) and (f).

2.5 The formal bringing forward of the 2007/08 underspend into the current year's Schools Budget creates a "technical" breach of the Central Expenditure Limit by up to £3.7m, which requires Schools Forum approval.

### **Schools' Outturn and Balances 2007/08**

2.6 The final outturn position in relation to budgets delegated to schools for the financial year 2007/08 shows an underspend of £4.7m compared to budget. This is made up of a combination of some schools under spending and adding to their balances, and some schools drawing on balances accumulated in earlier years. Under Fair Funding legislation, schools are entitled to retain their under spending from year to year. However the fact that schools' balances are scrutinised and potentially subject to clawback may act as a feedback loop in the system and encourage schools to ensure that their budget is spent on current children.

2.7 The final outturn position, by school type, is reported in Table 1 overleaf:

<b>Table 1</b>	<b>2006/07 Carry Forward</b>	<b>Schools Budgets 2007/08*</b>	<b>Final Outturn 2007/08*</b>	<b>2007/08 Carry Forward</b>	<b>% of Schools Budget 2008/09</b>
	<b>£000's</b>	<b>£000's</b>	<b>£000's</b>	<b>£000's</b>	
Primary	7,341.9	81,720.9	81,748.7	6,989.2	8.73
Secondary	7,052.8	68,820.7	64,312.6	10,831.2	15.77
Special	961.2	12,816.8	12,483.2	1,294.1	10.60
Closed Schools	147.7	1,160.4	1,315.5	194.0	
<b>Total</b>	<b>15,503.6</b>	<b>164,518.8</b>	<b>159,860.0</b>	<b>19,308.5</b>	<b>11.87</b>

\*(Includes equal pay compensation, for which schools were fully funded: Primary £4.9m, Secondary £1.3m, Special £1.0m, Total £7.2m). This related to schools where the employer is the City Council (Community Maintained schools) and not to schools where the employer is the Governing Body (Voluntary Aided and Foundation schools.)

- 2.8 The total revenue reserves relating to schools have increased by £3.8m from £15.5m as at 31/03/07 to £19.3m as at 31/03/08. It should be noted that schools, in addition to this, have as advised by the Local Authority set aside reserves of £1.5m towards the cost of backdated single status pay. A list of schools' headline balances is shown in **Appendix A**. Further details of the composition of Schools' Balances are shown in paragraph 2.14 onwards.
- 2.9 In comparison with other local authorities, school balances are relatively high, ranking in and around the top third nationally. Leicester's primary school balances rank 53<sup>rd</sup> out of 150 local authorities, secondary balances rank 9<sup>th</sup> out of 148 authorities (or 38<sup>th</sup> excluding BSF reserves) and special schools rank 43<sup>rd</sup> out of 148 authorities.
- 2.10 Of the 106 schools within the City that were not affected by a closure or amalgamation during 2007/08, 59 (56%) have spent less than the funding available and added to the earmarked reserve balances by £5.4m in total. The remaining 47 schools (44%) have overspent against available funds (the budget allocation plus grants) and drawn on reserve balances by £1.4m in total. As schools have access to their own reserves, 'overspending in year' often represents a planned use of sums set aside in earlier years and now spent on items such as those included in the School Development Plan.

### **Schools with a Deficit Balance**

- 2.11 At the end of the financial year 2007/08, four schools (all primaries) had a deficit balance, ranging from £6,500 to £68,000. The deficits arose from a variety of reasons, including schools where pupil numbers are less than the range envisaged by the local funding formula and schools affected by particularly unusual circumstances. Two of the schools are predicting a surplus position for 2008/09. The other two schools have both put in bids for additional funding in 2008/09 whilst taking action during the year.
- 2.12 This was two less schools than were in deficit in 2006/07; of the six schools that were in deficit in 2006/07, five now have a surplus balance, but the other remains in deficit (and is therefore one of the four schools above).

## Comparison to forecasted position during 2006/07

- 2.13 In January 2008, schools' forecast of their outturn indicated that schools' balances would be £17.6m. However, as at 31<sup>st</sup> March 2008, the actual outturn showed that school balances are £19.3m. This is due to a number of factors, possibly including the way that balances are reported.

## Analysis of Schools' Balances

- 2.14 Schools were asked to submit a return analysing the composition of their balance with explanations of its intended use; providing information about certain items which may have been included in their accounts but in effect are not part of their core funding. The categories used in this exercise match those shown in paragraph 2.25 regarding deductions in calculating excessive balances.
- 2.15 It should be noted that responsibility rests with Schools to manage their own budgets, although support and guidance from the CYPS Department is available.
- 2.16 These returns have been examined and currently certain schools are being asked to provide more evidence or more information. An example of this is that schools with a high level of unspent Standards Funds are being asked to demonstrate how this was spent by 31<sup>st</sup> August 2008.
- 2.17 The results of the analysis of the raw data indicate a number of key differences in how schools report their forecast outturn compared to how schools' balances are reported in the Council's Revenue Outturn Report. The key differences are shown in Table 2 below: -

<b>Table 2</b>	<b>Info from School Returns</b>	<b>Closed Schools</b>	<b>Total</b>	<b>% of Total of Schools 2008/09 Budgets</b>
<b>Description</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	
Reported School Balances @ 31/03/08	19.0	0.3	19.3	11.9%
Less : Unspent Standards Fund ( which can be spent up to 31/8/08)	3.5	N/a	3.5	2.2%
Less : Prior Year Commitments	0.8	N/a	0.8	0.5%
Less : Contingency for retrospective budget adjustments	0.0	N/a	0.0	
Less : External Income received but not spent in 2007/08	1.0	N/a	1.0	0.6%
<i>Equals</i> : Adjusted School Balances	13.7	0.3	14.0	8.7%

- 2.18 The adjusted Schools' balance reflects how individual schools report their outturn to the Council as opposed to how it is reported corporately. The balance of £14.0m shown above is equivalent to 8.7% of the total of schools' budgets.
- 2.19 The items shown in Table 2 are in effect committed funds which schools are committed to spend in 2008/09. The remaining balance of £14.0m is held for growth purposes or for a contingency reserve; this is explored later in the report. However, although there will be sound financial reasons for holding contingencies, it is important that an appropriate perspective is maintained and that the current year budgets are spent on the current pupils unless there is a very good reason otherwise.
- 2.20 Committed liabilities are described in more detail below and are matters which would not have been taken into account by schools in the predicted outturn either because it would have been assumed they would be spent or because they are, in effect, outside their core funding.

- Unspent Standards Funds

Many schools have received Standards Fund grant which will not have been fully spent as it will have been planned for use, for teachers' salaries, in the summer term 2008. The grant is eligible to spend over a 17-month period from April 2007 to August 2008. However, the DCSF requires the full grant to be accounted for as income within the financial year.

- Prior Year Commitments

This is to cover items or services that have been ordered in the old financial year but not delivered before 31<sup>st</sup> March and therefore not accounted for within that financial year.

- Contingencies for retrospective adjustments

Some schools build a contingency for this knowing that they could be subject to a negative budget adjustment in the following financial year. This, previously, applied to schools preparing themselves for a retrospective adjustment to their budget in relation to a falling roll; it will now apply only to NNDR (rates) adjustments and is rarely used.

- Unspent income received from external bodies

Some schools received funds from external bodies which have not yet been spent. Examples of this include Lottery, New Opportunities Fund, New Deal or monies from the DCSF.

- 2.21 Schools also identified other commitments as shown in Table 3.

**Table 3**

Description	Info from School returns £m	Closed Schools £m	Total £m	% of Total of Schools' 2007/08 Budgets
Adjusted Balance c/f from Table 2	13.7	0.3	14.0	8.7%
Less: BSF Contingencies	3.4	N/A	3.4	2.2%
Less: Items in the School Development Plan	3.8	N/A	3.8	2.3%
Less: Maintenance	0.6	N/a	0.6	0.4%
Uncommitted Balance	6.0	0.3	6.3	3.9%

- BSF Contingencies

Additional funding was allocated to Secondary schools in respect of BSF in 2005/06, 2006/07 & 2007/08. Schools were initially advised that the purpose of the money was to meet future BSF costs and to build up a fund at school level to contribute towards BSF costs, including the one-off costs of transferring from current premises to the new building. More recent guidance has widened the intended use to costs during the transitional period and to support preparations for BSF and Strategy for Change. At March 2008, thirteen schools had retained all of this funding in a BSF reserve and of these eight had added to the contingency from their mainstream budget. The use of this funding is at schools' discretion as it forms part of their delegated budget funded by DSG, although it is intended to work with schools to ensure that strategic and partnership objectives around BSF are addressed.

- Items approved in the School Development Plan

These are items that have been approved for purchase by the governors and are included in the School Development Plan but have not yet been ordered.

- Balances held for maintenance

Some schools may build up a maintenance fund rather than use the Council's buyback arrangements. The buyback arrangements are that schools who wish to join the scheme pay back a premium to Property Services who then provide a buildings maintenance service. The service a school receives may vary, upwards or downwards, in relation to the premium they have paid, although it should level out over a three year period.

2.22 The uncommitted balance (often held as a contingency) amounts to 3.9% of the Schools Budget.

## Analysis of Schools' Balances as a percentage of Budget

### School Balances as at 31<sup>st</sup> March 2008

2.23 Table 4 shows an analysis of both the reported and the adjusted schools' balances as a percentage of the budget. The bullet points below the table show some of the key impacts arising from using the Adjusted Balances figures. This is the Gross Balance adjusted for committed liabilities, i.e. the figure at the final line in table 3 above.

**Table 4**

Reported Balances (First line from Table 3)				School balances as a %age of 08/09 school budget	Adjusted Balances (final line from Table 3)			
Prim	Sec	Spec	Total		Prim	Sec	Spec	Total
4	0	0	4	< 0%	4	0	0	4
7	1	1	9	0% to 3%	11	1	2	14
7	0	3	10	3.1% to 5%	13	0	2	15
35	1	0	36	5.1% to 10%	37	7	1	44
18	9	1	28	10.1% to 15%	10	8	0	18
10	6	3	19	> 15%	6	1	3	10
<b>81</b>	<b>17</b>	<b>8</b>	<b>106</b>	<b>TOTAL</b>	<b>81</b>	<b>17</b>	<b>8</b>	<b>106</b>

Using the Adjusted Balances figure, it can be seen that:

- The number of schools in deficit stays the same but the amount of the deficit increases.
- The number of schools with a surplus balance under 5% grows from 19 to 29.
- The number of schools with a surplus balance between 5% and 10% grows from 36 to 45.
- The number of schools with a surplus balance between 10% and 15% falls from 28 to 18.
- The number of schools with a surplus balance greater than 15% falls from 19 to 10.
- Overall there are fewer schools with very high balances. However 73 schools (69%) do have balances greater than 5%. It should be noted that, in the case of secondary schools, this adjusted balance includes BSF reserves.

2.24 It should be noted that no particular link between the balances at individual schools and levels of attainment has been identified. Improving Financial Management is part of the action plan that the Local Authority and a School work on together to improve the school.

## Claw-back of Excessive Balances – Current Scheme

2.25 The Council adopted a revised scheme of delegation in 2007. The scheme sets out the financial relationship between the Council and the maintained schools that it funds.

2.26 One of the changes to the scheme introduced the ability for the Council to claw back excess schools' balances. This took into account the following:

- Primary and special schools being allowed to retain 8% of their total Section 52 (delegated budget) allocation
- Secondary schools being allowed to retain 5% of their total Section 52 (delegated budget) allocation
- 6 categories of items that schools are also permitted to retain, these being:
  - Unspent Standards Fund (which can be spent up to August after the financial year end)
  - Prior year commitments
  - Items identified in the School Development Plan
  - Maintenance
  - Retrospective adjustments (to Section 52 funding)
  - External income (not yet spent)

2.27 Therefore the level of balances held by schools needs to be adjusted before an assessment of whether or not the 8% or 5% limits have been exceeded.

2.28 The section of the Scheme for Financing Schools which details "Controls on Surplus Balances" is attached at **Appendix B** for information.

### Schools' Returns - Original

2.29 From the exercise detailed above the position for 2007/08 can be summarised:

	£'m	£'m
Total school balances held		19.3
Less total permitted items:		
Unspent Standards Fund	3.5	
Prior year commitments	0.8	
BSF Reserves	3.4	
School development plan	3.8	
Maintenance	0.6	
Retrospective adjustments	0.0	
External income	<u>1.0</u>	
Surplus balance after permitted items		<u>13.1</u> 6.2

Less amounts schools are permitted to retain of these balances, i.e. 8% for Primary & Specials, 5% for Secondaries, calculated school by school 5.9

Amount available for clawback 0.3

- 2.30 The potential amount for clawback from 2007/08 balances totals £357,160 from six schools (4 primaries, 1 special and 1 secondary). However it should be noted that five of the amounts are not significant (the highest amount being £10,500) and some of these schools are facing challenging circumstances.
- 2.31 It should also be noted that the one school (a secondary) with a potential significant claw-back had built up the surplus to support a particularly challenging year in 2008/09 due to uneven numbers of pupils across the year cohorts and the profiling of external grant income.
- 2.32 Any claw-back of surpluses must be spent on schools block items. Therefore, should a claw-back of such balances be considered, the following use of such clawback could be:
- To assist schools in deficit;
  - To assist towards other budgets that are funded in the Schools Block such as SEN and Inclusion;
  - To contribute towards educational transformation and attainment, as set out in paragraph 2.3; or
  - To redistribute across other schools (although this would have to be achieved through the formula mechanism resulting in the allocation of a small sum to each school).
- 2.33 Any use of clawed back balances would require consultation with the Schools Forum.
- 2.34 However, as the total potential clawback amount, excluding one school, is small, the schools facing potential clawback could be requested to provide plans for spending the amount of potential clawback in a way which positively impacts on teaching and learning in the immediate term.

### **Schools' Returns – CYPs Finance Amendments**

- 2.35 A further exercise was carried out within CYPs Finance to identify where it was felt that schools had placed items into an incorrect category. An example of this is where faculty carry forwards had been included as a prior year commitment, or bank interest counted as external income; it was considered that the appropriate place for these was the contingency. This exercise concluded that it would be possible to claw-back a total of £312,430 from ten schools (4 primaries, 1 special and 5 secondaries, excluding the secondary school discussed in paragraph 2.30). This is based on the assumption that these amendments were correct; schools may think and successfully argue otherwise. Indeed it could be viewed that those schools which have made a fuller and more detailed return, are potentially being penalised in comparison to schools that provided more of a summary response. It is proposed to contact these particular schools warning them that claw-back could have been applied.



## Current Position

- 2.36 During 2008/09, a number of schools have made a call on all or part of their reserves in hand at March 2008, for example for items in the School Development Plan or to support particular challenges during the year. Most secondary schools will have added to their BSF reserve, in line with the agreed purpose of the BSF / Strategy for Change funding.

## Future Changes to Controls on Surplus Balances

- 2.37 Notwithstanding the preceding analysis of schools' balances and the small amount available for claw-back under the current scheme, it is felt that the overall level of balances in Leicester is too high. This is in both the national context where the Government wishes to see school balances reduce, and the local context of the Improvement Notice and the Transforming Leicester's Learning/Raising Achievement Plans.
- 2.38 All schools are to be advised that the current scheme will be more clearly set out and enforced for the end of the current financial year in March 2009 - for example, to preclude the inclusion of faculty carry-forwards as prior year commitments and the counting of bank interest as external income.
- 2.39 The scheme is to be fully reviewed for March 2010, with a view to addressing what are seen as excessive levels of school balances and supporting the principle that current funding should be spent on current children. Substantive changes would require consultation with schools, and Schools Forum approval will be required for any revisions to the Scheme for Financing Schools. Proposals to create a working party to review the scheme, comprising a range of stakeholders, are to be taken forward, which started with a report to Schools Forum in January 2009.
- 2.40 The proposed timeline for the review of the scheme is shown below:-

January 2009	Initial report to Schools Forum
March 2009 to June 2009	Proposals formed with a working party from Schools Forum and others
September 2009	Report to Schools Forum
September to November 2009	Consultation with schools and others
January 2010	Final report to Cabinet and Schools Forum
31 <sup>st</sup> March 2010	New scheme implemented (to take effect from March 2010 or March 2011)

- 2.41 A review of the local funding formula is also in progress with initial proposals around the distribution of funding for deprivation from April 2009. This may impact on balances in the longer term as funding is distributed with a greater focus on deprivation.

### **3 Recommendations**

#### **3.1 Schools Forum** is recommended to:

- a) Consider the report and make any comments for inclusion in subsequent drafts and for the attention of the interim Corporate Director; and
- b) Approve a “technical” breach of the Central Expenditure Limit by up to £3.7m, due to the formal bringing forward of the 2007/08 underspend into the current year’s Schools Budget.

#### **3.2 OSMB** is recommended to consider the report and make comments to Cabinet.

#### **3.3 Cabinet** is recommended to:-

- a) Note the contents of the report;
- b) Comment on the proposals for use of the unspent DSG not delegated to schools, as set out at paragraphs 2.3 and 2.4;
- c) Agree that surplus balances should not be clawed back, but that the schools should be required to provide plans for spending the amount of potential clawback in a way which positively impacts on teaching and learning in the immediate term (as set out in paragraph 2.34);
- d) Agree that the balances judged to be surplus following analysis by CYPs Finance should not be clawed back, and that schools should be advised accordingly, following the proposal in paragraph 2.35;
- e) Note that schools are to be advised of clarifications to the operation of the current surplus balances scheme for March 2009, as in para 2.38; and
- f) Note the proposed arrangements for reviewing the scheme for controlling surplus balances from March 2010, upon which future reports will be brought forward, as set out in paras 2.39 and 2.40.

### **4 Consultations**

4.1 Schools have been consulted on the composition of their individual balances, and additional information is being sought from some schools as set out in the report.

4.2 Schools Forum discussed the report at some length at its January meeting. Members of the Forum were concerned at the overall underspend on budgets not delegated to schools (paras. 2.2 to 2.5). They expressed the view that had funding not been allocated to certain of these budgets in 2007/08 (and in particular the provision for reducing out of City SEN placements), then more funding would have been delegated to schools; and therefore at least part of the £2.4m currently uncommitted underspend (para. 2.4) should now be distributed to schools, to assist with raising standards at school level.

- 4.3 The Forum sought an assurance that following the report to its February meeting on how the £2.4m might be used, it would be able to direct that the funding should be distributed to schools, if it so chose. Officers advised that this was not within the Forum's powers, but that in any case it was hoped that agreement could be reached on the application of the funds for the benefit of the City's children and young people and schools.
- 4.4 The Forum deferred approval of the breach in the Central Expenditure Limit occasioned by the carrying forward of the underspend until its February meeting, when the matter would be reconsidered in the light of the issues set out above.
- 4.5 Schools Forum shared the Department's concern at the apparently high balances held by some schools, whilst recognising that the picture is mixed and that reasons for holding balances vary from school to school.
- 4.6 The Forum was concerned at the conclusions that could be drawn from the publication of the headline school balances at Appendix A. Officers agreed to add an explanatory note about the uses for which the balances can be held and an analysis of the secondary school balances excluding BSF reserves (these are explained in some detail in paras. 2.20 and 2.21 in the body of the report).

## 5 Financial, Legal, Other Implications

Other Implications	No	
School improvement	Yes	Throughout
Equal Opportunities	No	-
Sustainable & Environmental	No	-
Crime & Disorder	No	-
Elderly/People on low income	No	-
Human Rights Act	No	-

5.1 The report is concerned solely with financial issues.

5.2 Legal Implications:

The report is largely concerned with funding and budget issues and there are no legal issues arising directly out of the report. Legal issues may arise and guidance/clarification may be needed in the future about the part of the budget delegated to schools

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## 6 Authors of Report

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18.02.09

<b>Key Decision</b>	Yes
<b>Reason</b>	Is significant in terms of its effect on communities living or working in an area comprising more than one ward
<b>Appeared in Forward Plan</b>	Yes
<b>Executive or Council Decision</b>	Executive (Cabinet)

**Appendix A****School Headline Balances at 31<sup>st</sup> March 2008**

(Ref. Paragraph 2.7, Table 1 in report)

<b>School</b>	<b>Balance at 31 March 2008</b>	<b>% of 2008/09 Budget</b>
<b><u>Primary Schools</u></b>	<b>£</b>	<b>%</b>
ABBAY PRIMARY COMMUNITY SCHOOL	95,560	6.78%
AVENUE PRIMARY SCHOOL	95,937	7.54%
ALDERMAN RICHARD HALLAM PRIMARY	49,394	3.02%
BARLEYCROFT PRIMARY	68,669	7.19%
BELGRAVE CE PRIMARY	-36,116	-5.88%
BEAUMONT LODGE	34,923	5.45%
BRAUNSTONE FRITH INFANTS	46,504	5.79%
BRAUNSTONE FRITH JUNIOR	109,765	13.60%
BRIDGE JUNIOR	61,761	6.36%
BUSWELLS LODGE	202,456	15.87%
BRAUNSTONE COMMUNITY PRIMARY	103,890	8.94%
CALDECOTE PRIMARY	164,434	13.03%
CATHERINE INFANTS	148,924	15.03%
CATHERINE JUNIOR	115,013	11.39%
CHARNWOOD PRIMARY	132,446	11.62%
CHRIST THE KING RC	93,107	10.57%
COLEMAN PRIMARY	105,124	6.45%
DOVELANDS PRIMARY	120,744	9.12%
EVINGTON VALLEY PRIMARY	62,209	6.51%
EYRES MONSELL PRIMARY	133,776	14.58%
FOLVILLE JUNIOR	65,539	6.64%
FOREST LODGE PRIMARY	90,664	8.18%
FOSSE PRIMARY	23,588	2.29%
GRANBY PRIMARY	63,526	5.91%
GREEN LANE INFANTS	65,478	7.52%
GLEBELANDS	11,381	1.55%
HAZEL PRIMARY	150,570	20.67%
HERRICK PRIMARY	46,394	5.44%
HEATHERBROOK	12,238	2.13%
SPARKENHOE PRIMARY	120,796	8.75%
HIGHFIELDS PRIMARY	82,926	8.90%
HOLYCROSS RC PRIMARY	52,017	7.82%
HUMBERSTONE INFANTS	34,567	4.18%
HUMBERSTONE JUNIOR	11,897	1.46%
IMPERIAL AVENUE INFANTS	97,149	13.54%
INGLEHURST INFANTS	97,738	12.17%
INGLEHURST JUNIOR	171,069	19.57%

**It should be noted that the above figures are the raw balances and will include commitments such as items in the School Development Plan.**

<b>School</b>	<b>Balance at 31 March 2008</b>	<b>% of 2008/09 Budget</b>
KESTREL FIELDS PRIMARY	68,350	7.46%
KING RICHARD INFANT	168,487	24.74%
KNIGHTON FIELDS PRIMARY	29,170	4.11%
LINDEN PRIMARY	130,769	11.46%
MARRIOTT PRIMARY	80,520	8.25%
MAYFLOWER PRIMARY	75,157	7.11%
MEDWAY PRIMARY	-16,970	-1.36%
MELLOR PRIMARY	70,714	5.72%
MERRYDALE INFANTS	52,961	5.80%
MERRYDALE JUNIOR	70,481	7.35%
MONTROSE PRIMARY	88,855	7.74%
MOWMACRE HILL PRIMARY	66,347	8.41%
NORTHFIELD HOUSE PRIMARY	128,045	13.07%
OVERDALE INFANTS	4,344	0.63%
OVERDALE JUNIOR	176,244	19.15%
PARKS PRIMARY	139,162	13.68%
QUEENSMEAD PRIMARY	186,991	13.38%
ROWLATTS HILL PRIMARY	32,649	3.68%
RUSHEY MEAD PRIMARY	135,161	10.79%
ROLLESTON PRIMARY	115,104	12.59%
SACRED HEART RC PRIMARY	348	0.03%
SANDFIELD CLOSE PRIMARY	152,820	15.18%
SCRAPTOFT VALEY PRIMARY	96,983	10.37%
SHAFTESBURY JUNIOR	88,190	13.66%
SHENTON PRIMARY	44,334	3.71%
SLATER PRIMARY	-67,943	-14.47%
SPINNEY HILL PRIMARY	184,406	11.28%
ST BARNABAS PRIMARY	94,678	11.50%
ST JOHNS PRIMARY	24,016	2.20%
ST JOSEPHS RC PRIMARY	31,192	4.46%
ST MARYS FIELDS INFANTS	28,548	5.69%
ST PATRICKS RC PRIMARY	56,949	9.01%
HOPE HAMILTON C OF E PRIMARY	49,183	5.86%
ST THOMAS MOORE RC	62,738	9.20%
STOKES WOOD PRIMARY	151,665	16.06%
TAYLOR PRIMARY	284,266	19.40%
THURNBY LODGE PRIMARY	52,442	6.17%
UPLANDS INFANTS	64,785	5.45%
UPLANDS JUNIOR	435,723	32.47%
WHITEHALL PRIMARY	68,809	5.89%
WILLOWBROOK PRIMARY	76,735	7.08%
WOLSEY HOUSE PRIMARY	68,584	5.88%
WOODSTOCK PRIMARY	-6,547	-0.61%
WYVERN PRIMARY	37,640	3.20%
<b>Total Primary Schools</b>	<b>6,989,178</b>	<b>8.73%</b>

**It should be noted that the above figures are the raw balances and will include commitments such as items in the School Development Plan.**

<b>School</b>	<b>Balance at 31 March 2008</b>	<b>BSF Reserves</b>	<b>Balance excl BSF reserves</b>	<b>% of 2008/09 Budget</b>
<b><u>Special Schools</u></b>				
OAKLANDS	40,922			4.52%
ELLESMERE COLLEGE	112,996			4.45%
KEYHAM LODGE	455,438			50.96%
NETHERHALL SCHOOL	135,282			10.76%
CHILDREN'S HOSPITAL SCHOOL	168,176			19.51%
ASH FIELD	111,418			4.96%
MILLGATE	247,756			19.16%
WEST GATE	22,127			1.00%
<b>Total Special Schools</b>	<b>1,294,119</b>			<b>10.6%</b>
<b><u>Secondary Schools</u></b>				
BEAUMONT LEYS	520,328	197,622	322,706	8.34%
BABINGTON CC	1,176,399	184,311	992,088	23.11%
CITY OF LEICESTER	741,020	102,880	638,140	11.17%
CROWN HILLS	634,581	377,837	256,744	5.62%
ENGLISH MARTYRS	466,218	202,078	264,141	7.21%
HAMILTON	402,841	218,805	184,036	4.74%
JUDGEMEADOW	459,109	272,051	187,059	4.3%
LANCASTER BOYS	490,308	221,295	269,014	6.52%
MADANI HIGH SCHOOL	288,742	N/A	288,742	14.78%
MOAT CC	690,499	197,590	492,909	11.77%
FULLHURST CC	382,437	252,522	129,915	3.67%
NEW COLLEGE	686,661	0	686,662	18.04%
RIVERSIDE	84,858	0	84,859	2.67%
RUSHEY MEAD	976,301	379,690	596,611	12.03%
SIR JONATHAN NORTH	1,428,782	363,655	1,065,128	24.42%
SOAR VALLEY	1,100,209	299,226	800,984	17.75%
ST PAULS RC	301,885	169,344	132,542	3.57%
<b>Total Secondary Schools</b>	<b>10,831,186</b>	<b>3,438,906</b>	<b>7,392,280</b>	<b>10.77%</b>
<b>All Schools</b>	<b>19,114,484</b>		<b>15,675,578</b>	<b>9.74%</b>
Closed Schools	193,994			N/A
<b>Total Balances as per Report, Table 1</b>	<b>19,308,478</b>			

**It should be noted that the above figures are the raw balances and will include commitments such as items in the School Development Plan.**

*A negative figure means that the school was in deficit.*

**Appendix B****Leicester City Council****Scheme for Financing Schools  
2007****Section 48 of  
School Standards and Framework Act 1998****4.2 Controls on Surplus Balances**

## a) Three Year Budgets

The LA will issue to schools, by the end of October each year, an indicative budget calculator which will allow each maintained school to calculate an estimate of its school budget share. It will also include details of central government grant income paid via the LA for the two financial years following the current financial year. The estimate will be provided in a format determined by the LA and this format may include provision of information within an electronic budget modelling system. The indicative calculator will use information available to the LA at the date of preparation and will necessarily be provisional in nature, implying no commitment on the part of the LA to fund the school at the level shown in the estimate.

## b) Controls on Surplus Balances

Surplus balances held by schools, as permitted under this scheme, are subject to the following restrictions with effect from 1<sup>st</sup> April 2007.

a. the LA shall calculate by the 31<sup>st</sup> May each year, the surplus balance, if any, held by each school as at the preceding 31<sup>st</sup> March. For this purpose the balance will be the recurrent balance as defined in the Consistent Financial Reporting;

b. the LA shall deduct from the calculated balance any amounts for which the school has prior year commitment to pay from the surplus balance and any unspent Standards Fund grant for the previous financial year;

c. the LA shall then deduct from the resulting sum any amounts which the governing body of the school has declared to be assigned for specific purposes permitted by the LA as listed below, and which the LA is satisfied are properly assigned. To count as properly assigned, amounts must not be retained beyond the period stipulated for the purpose in question, without the consent of the LA. In considering whether any sums are properly assigned the LA may also take into account any previously

declared assignment of such sums but may not take any change in planned assignments to be the sole reason for considering that a sum is not properly assigned.

1. Items in the schools development plan that have been approved for action by the governing body and may include replacement of IT or other items of equipment (i.e. have been included in the following years budget)
2. Balances held for future maintenance (i.e. A maintenance fund rather than buying into the buy back)
3. the LA shall then deduct from the resulting sum any amounts which the governing body of the school has declared to be assigned for specific purposes permitted by the LA, and which the LA is satisfied are properly assigned. To count as properly assigned, amounts must not be retained beyond the period stipulated for the purpose in question, without the consent of the LA. In considering whether any sums are properly assigned the LA may also take into account any previously declared assignment of such sums but may not take any change in planned assignments to be the sole reason for considering that a sum is not properly assigned. [This condition is intended to ensure schools can build up reserves towards particular projects but cannot defer implementation indefinitely].

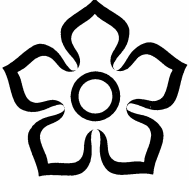
d. if the result of steps a to c above is a sum greater than 5% of the current year's budget share for secondary schools, 8% for primary and special schools, or £10,000 (where that is greater than either percentage threshold), then the LA shall deduct from the current year's budget share an amount equal to the excess. [The thresholds are the maximum permitted. The DCSF will accept (a) lower thresholds or (b) higher thresholds for particular types of schools where the LA can justify them].

Funds deriving from sources other than the LA will be taken into account in this calculation if they have been paid into the budget share account of the school, whether under provisions in this scheme or otherwise.

Funds held in relation to a school's exercise of powers under s.27 of the Education Act 2002 (community facilities) will not be taken into account unless added to the budget share surplus by the school as permitted by the LA.

The total of any amounts deducted from the schools' budget shares by the LA under this provision are to be applied to the Schools Budget of the LA.





Leicester  
City Council

**WARDS AFFECTED**  
*Latimer and Belgrave*

**FORWARD TIMETABLE OF CONSULTATION AND MEETINGS:**

**OSMB  
Cabinet**

**5<sup>th</sup> March 2009  
9<sup>th</sup> March 2009**

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**BUSM Affordable Housing - New Growth Point Funding**

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**Report of the Service Director, Planning & Policy, Regeneration and Culture**

**1. PURPOSE OF REPORT**

To note progress on a proposed affordable housing scheme at BUSM at Ross Walk and to include the New Growth Point funding allocation of £2 million in the Council's capital programme.

**2. SUMMARY**

2.1 New Growth Point funding has been allocated by the Leicester and Leicestershire Housing Market Area Board and confirmed by the Leaders Group towards the development of 119 affordable homes and basic development infrastructure for phase 1 of the BUSM housing scheme at Ross Walk in the Latimer Ward. The affordable housing will be owned by Leicester Housing Association-ASRA and Nottingham Community Housing Association.

2.2 The scheme provides an excellent opportunity to assist in delivering new affordable housing during a severe downturn in the housing market. The proposed investment of £13 million funding from the Homes and Communities Agency and £2 million from New Growth Point funds will contribute towards 'kickstarting' the development of the whole BUSM site where some 1190 homes are proposed in total.

2.3 Approval is sought to include the scheme in the Council's Capital Programme and proceed to enter into a legal agreement with the two housing associations to transfer the funding tied to key milestones in the delivery of the project.

**3. RECOMMENDATIONS**

Cabinet is requested to note this report and approve the inclusion of the New Growth Points funding of £2 million for the BUSM housing scheme in the Capital Programme over the 09/10 10/11 period.

**4. REPORT**

4.1 The proposed development scheme at BUSM, Ross Walk is part of the Abbey Meadows Regeneration Area and comprises some 1190 dwellings, mixed commercial uses, new public open space and community facilities. The scheme is in accordance

with the masterplan and supplementary planning guidance for the site and received outline planning permission, subject to completion of a Section 106 legal agreement, at Planning Committee on 27/08/08. A plan of the site is attached as [Appendix 1](#). The land is privately owned but phase 1 includes an affordable housing scheme of 119 units which will be owned by Leicester Housing Association-ASRA and Nottingham Community Housing Association.

4.2 The viability of housing schemes in the regeneration areas is marginal and subsequently affordable housing is often not able to be delivered. This is particularly the case in the current housing market. The housing scheme at BUSM would not come forward for development without public intervention, as confirmed through financial appraisal. Following discussion between Planning and Housing Officers at the Council, the Housing Corporation (now the Homes and Communities Agency), the landowners and the Housing Associations referred to in paragraph 4.1, a potential first phase scheme for this site was identified to deliver the following outcomes:

- 119 affordable dwellings including family houses (60%) to meet identified need in the Belgrave area.
- Assist in 'kickstarting' the delivery of the whole BUSM scheme by clearing buildings across a first phase area, delivering a first phase of houses and basic infrastructure, including roads and services to allow the private sector housing schemes to follow when market conditions permit.
- Build confidence and encourage development across the Abbey Meadows Regeneration Area.
- Contribute towards housing growth more generally.
- Use of brownfield land for new housing.
- Affordable housing to be at Sustainable Homes Code Level 3.
- Demonstrate a new approach to partnership delivery of housing schemes using New Growth Point funds.

4.3 A proposed funding package was assembled for a first phase project including £13 million from the Housing Corporation and £2 million from New Growth Point funding which is made available by Government to support housing growth activity in the City and County. Following consideration of a proposal at the Leicester and Leicestershire Housing Market Area New Growth Point Programme Board on 24/06/08, funding of £2 million split 50/50 over the years 09/10 and 10/11 was approved. Under the New Growth Points approval process this was subsequently endorsed by the City and County Leaders Group on 14/07/08.

4.4 Inclusion in the City Council's Capital Programme would normally take place in the new financial year at the time of refreshing the programme. However the landowners and Housing Associations wish to move forward as quickly as possible on the scheme and there is good reason for the City Council to move this scheme forward swiftly given the current housing market conditions and the need to encourage new housing growth. In particular the opportunity to bring forward new affordable housing (including some 60% family homes) in the Belgrave area provides a significant and unique opportunity in this area.

4.5 The New Growth Point funding would be made available to the two Housing Associations referred to above through a legal agreement which will include key trigger

points for release of the funding. The transfer of funding to the Associations (who will ultimately own and run the affordable housing units) will minimise risks in the project. The transfer will include release of funds at key trigger points to ensure delivery of the housing and this is currently subject to negotiation with the Housing Associations.

## 5. FINANCIAL, LEGAL AND OTHER IMPLICATIONS

### Financial Implications

- 5.1 Cabinet are able to approve additions to the Council capital programme up to £5m (subject to a maximum of £2.5m where corporate resources are at stake, which is not applicable here).

*Martin Judson, Head of Finance, extension 297390*

### Legal Implications

- 5.2 The Council has power under Section 2 of the Local Government Act 2000 (“Well Being”) to do anything that will promote the well being of Leicester, or people living in Leicester. “Well being” is defined in terms of social, economic, and environmental well being. Regard should be had to the Council’s Community Strategy.

It is suggested that the contribution from the Council, in terms of “well being”, is identified towards the assistance in “kick starting” the area, delivering basic infrastructure, environmental improvement and amenities, such as play areas and access to the Waterside. This would include the purchase of land and the demolition of industrial buildings.

Care will have to be taken to comply with the requirements for the giving of State Aid. It is proposed that this aid is seen as a “service of general economic interest” under the Commission decision of 28<sup>th</sup> of November 2005. In particular this will require a Grant Agreement with the RSL’s concerned. This form of State Aid, it should be noted, is treated as a form of compensation to cover costs incurred in discharging the “public service obligations”, and would take into account the costs to be incurred in the project, a reasonable profit on capital, but will also take into account all receipts and revenue earned from the project.

*Joanna Bunting, Legal Service, extension 296450*

## 6. OTHER IMPLICATIONS

OTHER IMPLICATIONS	YES/NO	Paragraph references within the report
Equal Opportunities	Yes	4.3 - responding to specific housing needs in the Belgrave area.
Policy	Yes	Whole Report – supports delivery of planning/affordable housing policy
Sustainable and Environmental	Yes	Whole Report – reuse of brownfield land and planning conditions on energy efficiency and open space provision
Crime and Disorder	Yes	Whole Report – Planning consideration

Human Rights Act	No	Not at this stage
Elderly/People on Low Income	Yes	Whole Report – potentially through affordable housing provision

**7. BACKGROUND PAPERS – LOCAL GOVERNMENT ACT 1972**

N/A

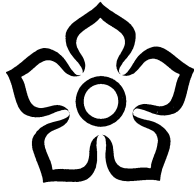
**8. CONSULTATIONS**

Public consultation as part of consideration of the planning application.

**9. REPORT AUTHOR**

Andrew L Smith:- Service Director, Planning Policy, Regeneration and Culture

Key Decision	Yes
Reason	Capital expenditure over £1,000,000
Appeared in Forward Plan	No
Executive or Council Decision	Executive (Cabinet)



Leicester  
City Council

**WARDS AFFECTED: ALL**

**Cabinet**

**9 March 2009**

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## **ON-STREET PARKING ANNUAL REPORT**

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### **Report of the Corporate Director, Regeneration & Culture**

#### **1 Purpose of Report**

- 1.1 This report is to inform members of actual income and expenditure for 2007/08 and gives a breakdown of where surplus income was spent. As there is a requirement of Part 6 of the Traffic Management Act 2004 to produce an annual report details are also provided with respect to penalty charge notice issues during the last financial year. Cabinet is asked to agree proposals for spending the expected surplus income generated by the on-street parking bays and enforcement during 2008/09 in order to improve transport in the City.

#### **2 Background**

- 2.1 As laid down in Section 55 of the Road Traffic Regulation Act 1984, use of any surplus received from on-street bays and enforcement is restricted to expenditure on certain highways and transportation services and improvements and certain environmental improvements. To date, it has been variously spent on off-street public parking, bus services, and a contribution to the cost of the employment of staff in the Highways and Transportation Section, employed in various capacities to help improve bus services and the highway.

#### **3 Recommendations**

- 3.1 Cabinet is recommended to:
- a) Reaffirm that it is not currently desirable or necessary to provide further off street parking
  - b) Note where surplus on-street income was spent during 2007/08
  - c) Approve the proposals for spending the surplus income during 2008/09.
  - d) Approve this report as forming the annual report providing both financial and statistical details regarding on-street parking activities during 2007/08 for publishing on the website as well as placing copies in civic offices.
  - e) Note the delegation to the Corporate Director of Regeneration and Culture to vary the amounts spent on the various items referred to in the Appendix, subject to funding being available, and agree that this delegation be exercised in consultation with the Cabinet Lead Member (paragraph 30.1 of the report).

## REPORT

### **4 Parking and enforcement operation**

- 4.1 Net income during 2007/08 was nearly £400,000 more than anticipated. The additional income came from a larger number of parking tickets issued following the Council taking over enforcement from the Police on 2nd January last year. Over 12,000 more penalty charge notices were issued than the expected level of 52,000. Increased enforcement of the restrictions in the Central Area also resulted in greater income from the pay & display machines. Costs, however, also rose, but the net effect was a surplus of £779,000 in the balance sheet account at the start of the current financial year.
- 4.2 A further increase in both income and expenditure is now anticipated in 2008/09, because the Council's enforcement of traffic regulation orders (TROs) will be based on an increase in the number of civil enforcement officers enforcing on street. The table at the end of the report breaks both income and expenditure down into various elements.
- 4.3 Although the parking enforcement contractor is based centrally in the City no more than 50% of the daily deployment of CEOs is spent covering the City Centre area. The remainder of the deployment is spent on enforcing the main arterial roads leading into the City, including the bus corridors and the central and outer ring roads, especially during the peak hours. In addition attention is given to the high density residential, outer central areas and outer suburban areas.

### **5 Use of surplus income during 2007/08**

- 5.1 The following paragraphs give details of the various uses to which surplus income was put during the last financial year. These proposals are summarised in the table at the end of the report.

### **6 Local Bus Services**

- 6.1 The vast majority of bus services in Leicester are run commercially by private bus operators, the three largest of which are First, Arriva and Centrebus. However, there is a duty on the Council to consider whether, in its view, the commercially run network contains any deficiencies in provision, and, if so, the Council has the power to invite commercial operators to fill any gaps in provision. The Council has to contribute towards the cost of this provision. Last year £1,057,000 was spent on these services.

### **7 The New Leicester Traffic Regulation Order**

- 7.1 The City Council is currently in the process of re-writing all the Traffic Regulation Orders (TROs) in the City. At the time the Council took over parking enforcement from the Police 90% was completed. The remaining 10% still needs to be done.
- 7.2 Following enactment of the new Leicester Traffic Regulation Order on 2nd January 2007 during 2007/08 work has been carried out on delivering the Highfields South and Riverside resident parking schemes. These commenced in August and September respectively. Work is continuing on other outstanding residents parking schemes. Last year £44,000 was spent on new orders and £65,000 was spent on the cost of employing two members of staff in the TRO Team, as agreed by Cabinet in March 2001.

7.3 The City Council has legal powers in the shape of Temporary Traffic Regulation Orders, which can support community events and lay the groundwork for local traffic management. A sum of £10,000 will be made available to meet some of the legal and administrative costs and to contribute to the costs of any traffic management required.

## **8 Highways and Transportation staff**

8.1 In addition to the two staff in the TRO Team, with the agreement of the Planning and Transportation Committee in March 2000, certain posts in the Highways and Transportation Division were created in order to improve service delivery in various areas. These posts were the Public Transport Co-ordinator, the Development Co-ordinator, the Travel Plans Officer, a Direction Signing Officer and an additional Transport Strategy Officer. Last year £181,000 was spent on staff.

## **9 St. Margaret's Bus Station**

9.1 On-street parking income is used to fund the management of the St. Margaret's Bus station, because there is no provision in the Regeneration and Culture base revenue budget. Total expenditure from on-street parking income was £150,000.

## **10 York House rental**

10.1 The staff in the former Transport Development Section (which is being re-organised) occupying York House are either involved in the management of the on-street parking operation, the provision of public transport or the procurement of highway improvements. Last year total expenditure from on-street parking income was £150,000.

## **11 Public Transport Information Strategy (PTIS)**

11.1 The Government requires the City Council to develop and implement a Public Transport Information Strategy. Work has been taking place over the past three years, with consultants TAS advising a consortium of City and County Councils, together with the main commercial bus operators as to what the key elements of such a strategy should be. The consortium has identified the key elements as:

- Information at bus stops (service numbers, real-time and timetables)
- Information by telephone (traveline, bus operator services, startext)
- Information on the internet
- Maintenance and update of all the above, to ensure accuracy and coverage
- Promotion activities, such as door-to-door delivery of timetables

11.2 The cost of this work is being shared between the City and County Councils, and the various local bus operators. Most of the City Council's cost currently comes from the Department's revenue budget, but a small contribution from on-street parking is required. Last year the contribution was £10,000.

## **12 Haymarket car park dilapidations**

12.1 As part of maintaining the operation of the Haymarket Centre car park £40,000 has been spent replacing the pay & display machines. In addition to meet health and safety requirements a heat sensitive fire alarm system has been installed throughout the covered car park level resulting in a total spend last year of £106,000. It had originally been planned to fund some of this expenditure from on-street parking income, but, in the event, it proved to be possible to pay for this work from the base revenue budget.

### **13 Repayment of prudential borrowing and DPE set-up costs**

13.1 To bring about the Decriminalised Parking Enforcement regime, which came into operation on 2 January 2007 money on equipment and other items had to be spent up front before the new income stream from penalty charge notices started. In total £240,000 was borrowed. Last year £140,000 was paid back and this combined with money previously repaid from developer funding has resulted in full repayment. It was also decided to use the larger than expected surplus to pay off the outstanding costs of £96,000 which had arisen in the course of establishing the on-street parking operation. This concludes payments on Prudential Borrowing and setup costs.

### **14 Penalty Charge Notice Issues**

14.1 During the period between 1<sup>st</sup> April 2007 and 31<sup>st</sup> March 2008 64,306 penalty charge notices (PCNs) were issued of these 78% were paid. Vehicle clamping and removal has not been carried out since commencement of civil parking enforcement to allow a period of assessment and to determine the necessity to carry this out. Arrangements are now being made for a tow away service to be put in place to deal with persistent evaders and the removal of any vehicle causing a hazard or dangerous obstruction on the highway. The table below gives a breakdown on the processing of those PCNs including those paid, cancelled and written off.

	<b>PENALTY CHARGE NOTICE</b>	<b>NUMBERS</b>
1.	Paid within 14 days at £30	39,975
2.	Paid at £60	7,799
3.	Paid at £90	1,861
4.	Paid at £95	555
5.	Challenge received (Informal)	10,212
6.	Returned Notice to Owner (Formal)	1,660
5.	Cancelled resulting from informal or formal representation	4,201
6.	Written off – no trace, foreign vehicle, etc	1,117
7.	Passed to bailiffs	3,782
8.	Other states – charge certificate, TEC, DVLA, NTO, Review, etc	5,016
9.	Vehicles immobilised	0
10.	Vehicles removed	0

### **15 Parking Enforcement**

15.1 Parking enforcement is carried out throughout the day covering the main arterial roads leading into the City including bus corridors and the Central and Outer Ring Roads especially during the peak hours along with any problem roads with parking `hot spots`. The City Centre streets including on-street pay & display bays, car parks and residential parking schemes are also given special attention. Enforcement within the Outer Central areas include high density residential, suburbs such as Beaumont Leys, Knighton, Aylestone and Eyres Monsell. The outer shopping centres, hospitals and schools are also covered. Additional enforcement also extends into the evenings during the week as well as on Sundays. Beat patrols are carried out both on foot and by mobile patrols.

15.2 There has been a marked improvement in the level of compliance with the parking restrictions since the City Council took over responsibility from the Police in January 2007. Compliance surveys carried out in September 2006 and September 2007 showed that the number of contraventions had been reduced



by almost 75% from the 2006 level. The six areas surveyed were within the Central Ring Road and Outer Central areas. To ensure increased parking compliance the original establishment of 33no. Civil Enforcement Officers has been increased to 37no. to allow greater coverage of the Outer Central beats in particular Belgrave, Highfields and the West End areas of the City.

15.3 The introduction of new regulations contained within the Traffic Management Act 2004 from 31<sup>st</sup> March this year resulted in changes to parking enforcement issues. Enforcement now includes additional contraventions, including:

- a. Double parking (i.e. more than 50cm from the kerb)
- b. Parking adjacent to dropped kerbs such as at a dropped pedestrian footway or driveway.
- c. Parked on pedestrian crossing 'zig-zags' (but the Police can still enforce)

Unfortunately at present it is not possible to enforce parking in circumstances (a) and (b). Provisions within local legislation allow authorities in London to continue to enforce these restrictions without traffic signs and/or road markings. However, the powers in the Traffic Management Act 2004 do not exempt authorities outside London from the general requirement that these parking restrictions are required to be indicated by the appropriate traffic signs and road markings before they can be enforced.

Local authorities have recently been consulted over the proposal to amend sections 85 & 86 of the Traffic Management Act 2004 to remove the requirement for signing and lining for those authorities outside London. Following this consultation by the Dept for Transport local authorities are expected to be able to exercise the powers to enforce parking adjacent to dropped kerbs next year.

Parking Attendants have now become Civil Enforcement Officers dealing with Civil Parking Enforcement and differential PCNs have been introduced for different types of contravention. There are 2 levels of PCNs as follows:

- a. The higher level PCN for example is for more serious offences such as parking on double yellow lines. The level of PCN is £70-
- b. The lower level PCN is for a lesser offence such as overstaying in a permitted parking bay. The level of PCN is £50-

## **16 Proposed use of surplus income during 2008/09**

16.1 The following paragraphs give details of the various uses to which it is proposed to use surplus income during the current financial year. These proposals are summarised in the table at the end of the report.

## **17 Provision of off-street parking**

17.1 Under the terms of the Road Traffic Regulation Act 1984, as amended by the Traffic Management Act 2004, the first call on any surplus income, after the cost of the operation has been paid for, is for the provision of off-street parking. When the on-street parking scheme was first introduced in 1999, the Council agreed that the provision in Leicester of further off-street parking was unnecessary or undesirable, and the position has been reviewed annually since then. Cabinet is recommended to reaffirm this position. However, the opportunity for the provision of additional on-street parking will be considered as part of the on-going review of traffic regulation orders in the City.

## **18 Local Bus Services**

- 18.1 It is proposed that the City council will continue to support the operation of a number of socially necessary bus services that are not provided commercially. Expenditure on these bus services will be £1,020,000 this year.

## **19 The New Leicester Traffic Regulation Order**

- 19.1 Last year's expenditure on the new Leicester TRO was considerably less than originally envisaged, largely because of the length of time it took to complete consultations with residents in the residents parking areas in South Highfields, Riverside and the proposed West End, where they are still on-going.
- 19.2 The major expenditure on the installation of the Highfields South and Riverside Residents Parking areas has taken place in the current financial year, consultation is also taking place in the Belgrave residents parking area. There are a significant number of minor TRO's in progress and a major scheme involving the introduction of One-Way traffic restrictions in Spinney Hills Ward. It is anticipated that spending on TRO's will be £100,000.

## **20 St. Margaret's Bus Station**

- 20.1 It is proposed that a modest increase in the contribution made to help fund the management of the St. Margaret's Bus station, giving proposed expenditure of £154,000.

## **21 York House rental**

- 21.1 It is proposed that expenditure from on-street parking income on the occupation of York House remain at £150,000. The continued occupation of York House in future years will be reviewed.

## **22 Haymarket car park dilapidations**

- 22.1 Whilst some of the work on the Haymarket dilapidations and the fire alarm system were paid for in 2007/08, the bulk of the work slipped into the current financial year, and with no funding available from the base revenue budget, it is proposed that this cost be met from on-street parking income. It is estimated that this work will cost £265,000.

## **23 Christmas Parking**

- 23.1 Parking in the Council's city centre car parks and at the Meynell's Gorse Park n' Ride scheme was free after 6pm on weekdays during the run-up to Christmas. This has an estimated cost of £36,000, attributable to surplus parking income on this occasion but subject to an overall review of city centre management in future years.

## **24 Bus shelters**

- 24.1 A contribution of £40,000 towards the cost of the annual bus shelter programme (which is funded from LTP capital and various other sources), allowing prudently for maintenance, will provide for 6 shelters.
- 24.2 The priority list for these bus shelters is:
- Inbound, Pebbles/Gleneagles Road
  - Opposite Beaumont Lodge School
  - Bennion Road, opposite Beaumont Lodge Road
  - Aikman Avenue, junction with Kay Road
  - Gipsy Lane junction with Yorkshire Road
  - Outside Hastings Road Day Centre

24.3 Other proposed shelters will be considered in the programme for future years.

## **25 Concessionary fares**

25.1 The base revenue budget approved by the Council in March requires a further contribution of £772,000 from on-street parking in the current and following financial years. Additional provision will be made in 2009/10 and subsequent years for a further £420,000 for concessionary fares on a contingency basis if support from Government is not forthcoming.

## **26. Redundant crossings**

26.1 We can improve accessibility for all pedestrians especially parents with prams and the disabled around the City by the removal of redundant large vehicle crossings and replacement with a standard footway. These crossings, which are no longer used by vehicles to get access to the adjacent property, usually have kerbs across the footway which cause trip hazards to pedestrians. Discussions will take place with the Disabled Access Forum and the Local Access Forum to determine priority locations for this work.

## **27 Future years**

27.1 As reported in paragraph 14.1 above, provision is made for a tow-away service to enhance parking enforcement. This is proposed to start in the Spring of 2009 and a sum of £88,500 is earmarked for this service. Projections for the surplus in 2009/10 are also included in the Appendix. The most significant additional item is the contribution of £325,000 to fund the initial projected operating losses on the Enderby Park & Ride service which was agreed by Cabinet on 14 July 2008.

## **28 Powers of the Director**

28.1 Under the terms of the City Council's constitution, the Corporate Director of Regeneration and Culture has delegated powers to vary the amounts spent on the various items referred to in the Appendix, subject to funding being available.

## **29 Financial & Legal Implications**

### **29.1 *Financial implications***

There will be anticipated income from on-street parking, the use of which is restricted by the Road Traffic Regulation Act 1984, as amended by the Traffic Management Act 2004. The income and expenditure account for on street parking actual and projected is shown in the Appendix. The carried forward surplus at the end of 2009/10 is committed in 2010/11 to fund further operating losses on the Enderby Park & Ride service.

*Paresh Radia, Deputy Head of Finance ext. 6507*

### **29.2 *Legal implications***

The expenditure proposed in the Appendix is of a type allowed by the Road Traffic Regulation Act 1984, as amended by the Traffic Management Act 2004.

*Jamie Guazzaroni, Solicitor ext. 6350*

**30 OTHER MATTERS**  
**Other implications**

OTHER IMPLICATIONS	YES/NO	PARAGRAPH REFERENCES WITHIN THE REPORT
Equal Opportunities Policy	Yes	26.1
Sustainable and Environmental	No	
Crime and Disorder	No	
Human Rights Act	No	
Older People on Low Income	No	

**31 Risk Assessment Matrix**

Risk	Likelihood L/M/H	Severity Impact	Control Actions (If necessary/or appropriate)
The amount of income earned is less than forecast	L	L	The level of income earned will be monitored throughout the year, and, if necessary, changes will be made to the planned programme of expenditure.  The income forecast is at the cautious end of expectations

L - Low  
M - Medium  
H - High

L - Low  
M - Medium  
H - High

**32 Background Papers – Local Government Act 1972**

- Report to Planning and Transportation Committee on 22 March 2000
- Report to Cabinet on 19 March 2001
- Report to Cabinet on 23 March 2007

**33 Consultations**

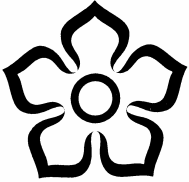
33.1 None required.

**34 Report Author**

Andrew Thomas, Traffic Manager  
39 41 00, e-mail [Andrew.Thomas@leicester.gov.uk](mailto:Andrew.Thomas@leicester.gov.uk)

**35 DECISION STATUS**

Key decision	Yes
Reason	Revenue expenditure over £250,000
Appeared in Forward Plan	Yes
Executive of Council Decision	Executive (Cabinet)



Leicester  
City Council

**WARDS AFFECTED**  
All

**FORWARD TIMETABLE OF CONSULTATION AND MEETINGS:**

**Cabinet  
Council**

**9th March 2009  
26th March 2009**

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**City of Leicester Local Plan: Saved Policies**

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**Report of the Service Director, Planning and Policy, Regeneration & Culture**

**1. PURPOSE OF REPORT**

- 1.1 To inform Council of the Secretary of State's Direction on the local plan policies that are saved beyond January 2009 and to seek Council endorsement of the changes to the adopted Local Plan.

**2. SUMMARY**

- 2.1 The City of Leicester Local Plan was adopted in January 2006. Under the provisions of the Planning and Compulsory Purchase Act 2004, the local plan policies were saved for 3 years from adoption until January 2009. Policies that the Council wished to save beyond that date were subject to agreement of the Secretary of State.
- 2.2 Each policy was assessed against the criteria for saving policies set out in a Government protocol. The Council did not need to save policies that repeated recent national or regional planning policy, were covered by the provisions of other legislation or were covered by other policies in the local plan. The list of policies that the Council proposed to be saved was submitted to with the Government Office for the East Midlands (GOEM) in June 2007.
- 2.3 GOEM proposed that two additional policies be saved. Then there was a third party challenge on Policy CL01. The decision on which policies should be saved rested with the Secretary of State who issued a Direction on 7<sup>th</sup> January. A list of the policies included in the Direction is attached at Appendix1.
- 2.4 As a result of the Direction, which is binding on the Council, the Local Plan has been amended by removal of the policies that have not been saved.

**3. RECOMMENDATIONS**

- 3.1 Members of Cabinet are asked to note the Secretary of State's Direction and recommend that Council adopt the changes to the Local Plan.
- 3.2 Council is recommended to adopt the changes to the Local Plan as a result of the

#### **4. REPORT**

- 4.1 The Planning and Compulsory Purchase Act 2004 introduced the new planning system of Local Development Frameworks (LDF) to replace Local Plans. As part of the transitional arrangements, policies in Local Plans adopted after the Act came into force could be saved for three years from adoption. The City of Leicester Local Plan was adopted in January 2006 and all the policies that are not saved expired on 15th January 2009.
- 4.2 Planning Policy Statement 12 sets out the criteria for evaluating whether a policy should be saved and these are supplemented in a government protocol. Accordingly each policy in the Local Plan was assessed against the following criteria:
- Is there a clear central strategy?
  - Does the policy have regard to the Community Strategy?
  - Is it in conformity with the Regional Spatial Strategy?
  - Will it be in conformity with the emerging LDF Core Strategy?
  - Will it guide significant change in the use or development of land or the conservation of an area?
  - Is it necessary or does it repeat national or regional policy?

The following factors were considered also;

- Whether it supports the delivery of housing.
  - Whether it supports economic development and regeneration including retailing and town centres.
  - Whether it promotes renewable energy; reduces impact on climate change; or safeguards water resources.
- 4.3 A draft list of policies to be saved was circulated to all Members for comments and was considered by the Planning and Development Control Committee on 17<sup>th</sup> June 2008. Out of a total of 148 policies, 81 policies were identified as meeting the criteria to be saved. It was proposed that 67 policies that are now duplicated by national and/or regional planning policy or covered by other policies, or legislation, should not be saved. National or regional planning policy can be used to determine planning applications alongside the remaining Local Plan policies and other material considerations.
- 4.4 GOEM suggested that an extra two policies should be saved; R03: Local and District Shopping Centres and R07: New Local Shopping Centres. However there was a third party challenge to the saving of Policy CL01: Protecting Community Facilities. The challenge was based on the fact that the Inspector who conducted the Local Plan Inquiry recommended that the policy be deleted, but the Council when adopting the Local Plan did not accept this recommendation. In response to the challenge the Council submitted a statement setting out reasons why the policy should be saved. The Secretary of State considered both the challenge and the Council's submission. However as the Secretary of State had endorsed the Inspector's original recommendation the challenge was accepted and the policy was not saved.
- 4.5 The Secretary of State's Direction was issued on 7<sup>th</sup> January and is binding on the Council. It includes a list of all the local plan policies saved after 15<sup>th</sup> January. The list is

attached at Appendix 1 and the letter can be viewed at [www.leicester.gov.uk/localplan](http://www.leicester.gov.uk/localplan). These policies will be saved until replaced by the LDF Core Strategy or any subsequent Development Plan Documents.

- 4.6 Hard copies of the Local Plan will not be replaced but in future will include an explanatory notice and a list of the saved policies. The web based Local Plan Proposals Map and Written Statement have been amended to exclude policies which are no longer valid.

## 5. FINANCIAL, LEGAL AND OTHER IMPLICATIONS

### Financial Implications

- 5.1 There are no significant financial implications arising from this report.

*Martin Judson; Head of Finance R&C; Ext 297390*

### Legal Implications

- 5.2 The process for saving Local Plan policies complies with the statutory provisions contained in the Planning and Compulsory Purchase Act 2004. The report also refers to the process to be followed in accordance with the 2006 Department for Communities and Local Government's protocol for handling proposals to save Local Plan policies before the statutory save period. The approach the report describes also complies with Planning Policy Statement 12.
- 5.3 In accordance with the Local Authorities (Functions and Responsibilities) Regulations, decisions taken by the Council that involve the Development Plan do need to be considered and approved by Full Council.

*Anthony Cross, Head of Litigation; Ext 296362*

## 6. OTHER IMPLICATIONS

OTHER IMPLICATIONS	YES/NO	Paragraph references within the report
Equal Opportunities	<b>No</b>	
Policy	<b>Yes</b>	The whole report deals with amendments to Local Plan policy
Sustainable and Environmental	<b>No</b>	
Crime and Disorder	<b>No</b>	
Human Rights Act	<b>No</b>	
Elderly/People on Low Income	<b>No</b>	

## 7. BACKGROUND PAPERS – LOCAL GOVERNMENT ACT 1972

City of Leicester Local Plan, January 2006

## 8. REPORT AUTHOR

Alison Bowen, Team Leader, Planning Policy and Design  
 Extension 297228  
[alison.bowen@leicester.gov.uk](mailto:alison.bowen@leicester.gov.uk)

<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)



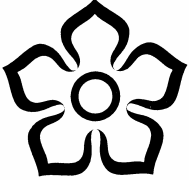
## LOCAL PLAN POLICIES THAT ARE SAVED

<b>Chapter 2: Plan Strategy</b>	
PS01	The Plan Strategy
PS02	Regeneration and Comprehensive Development
PS03	Integrated Planning & Transport Strategy
PS04	Strong City Centre Core
PS05	Central Office Core (New Business Quarter)
PS06	St George's Residential Working Community
PS07	Waterside
PS08	Science and Technology Based Business Park and Environs – Abbey Meadows
PS09	Potential Development Areas (PDAs)
PS09a	Proposed PDA Uses Within the Strategic Development Area
PS09b	Proposed PDA Uses Outside the Strategic Development Area
PS10	Residential Amenity & New Development
PS11	Protection from Pollution
<b>Chapter 3: Urban Design</b>	
UD01	High Quality Building Design in the Local Context
UD02	Building Layout, Form and Positioning
UD04	Energy Efficiency
UD06	Landscape Design
<b>Chapter 4: Special Policy Areas</b>	
SPA01	Retailing Within the Central Shopping Core
SPA02	City Centre Retailing Outside the City Centre Core
SPA03	Offices for Financial and Professional Services
SPA04	Food and Drink Uses (Classes A3, A4 and A5) in the Central Shopping Core
SPA05	Development of Non-Retail Key City Centre Uses and Facilities
SPA08	Development in the Town Centres
SPA09	Riverside Development
<b>Chapter 5: Access and Movement</b>	
AM01	The Impact of Development on Pedestrians and People with Limited Mobility
AM02	Cycling and Development
AM03	Pedestrian and Cycle Route Networks
AM05	Busses and Development
AM08	Identifying and Safeguarding Rail Services and Infrastructure
AM11	Parking Provision with Non-Residential Development
AM12	Residential Car Parking Provision
AM14	New Public and Contract Car Parking Provision

AM18	Safeguarding Rail Freight Connections
<b>Chapter 6: Housing</b>	
H01	New Housing Development Proposals
H03	Density
H05	Loss of Housing
H06	Housing Mix and Type
H07	Flat Conversions and New Build Flats
H08	Student Housing
H09	Affordable Housing
H10	Retention of Larger Residential Properties
H11	Gypsies and Travellers
H14	Backland Development
H16	Hotels, Hostels and Residential Institutions in Restricted Zones
H17	Hotels, Hostels and Residential Institutions Outside Restricted Zones
<b>Chapter 7: Employment</b>	
E02	Key Employment Areas
E03	Primarily Employment Areas
E04	Business Parks
E05	Major Office Development
E06	Primarily Office Areas
E11	Car Showrooms/Vehicle Sales/Caravan Sales
E15	Abbey Meadows Research Business Park
E16	Sunningdale Road Waste Facility Site
<b>Chapter 8: Retailing</b>	
R02	Planning Conditions: Main Food Shopping
R03	Local and District Shopping Centres
R05	Development for Food & Drink Purposes
R06	Local Shopping Development Outside The Shopping Centres
R07	New Local Shopping Centres
<b>Chapter 9: Built Environment</b>	
BE08	Buildings of Local Interest
BE10	Shopfront Design
BE11	Shopfront Security
BE16	Renewable Energy
BE17	Combined Heat and Power and Community Heating
BE20	Flood Risk
BE22	Outside Lighting
<b>Chapter 10: Green Environment</b>	
GE01	Sites of Special Scientific Interest
GE02	Sites of Importance for Nature Conservation, Local Nature Reserves and Regionally Important Geological Sites

GE03	Biodiversity Enhancement Sites
GE05	Wildlife Habitats
GE06	Protection of Green Wedges
GE09	Green Space
GE12	Provision of Children's Play Areas
GE13	Provision of Youth and Adult Outdoor Playing Space
GE15	Playing Fields
GE16	Blackbird Roads Playing Fields Policy Area
GE17	Powergen Land at Raw Dykes Road and Aylestone Road Sports Ground
GE18	Aylestone Policy Area
GE19	Allotments
GE20	St. Mary's Policy Area
<b>Chapter 11: Community and Leisure Facilities</b>	
CL06	De Montfort University
CL07	University of Leicester
CL10	Location of Health Centres, Clinics and Surgeries
<b>Chapter 12: Implementation</b>	
IMP01	Planning Obligations





Leicester  
City Council

**WARDS AFFECTED**  
*All*

**FORWARD TIMETABLE OF CONSULTATION AND MEETINGS:**  
**Overview and Scrutiny Management Board**  
**Cabinet**

**5<sup>th</sup> March 2009**  
**9<sup>th</sup> March 2009**

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**ESTABLISHMENT OF SUB-REGIONAL ECONOMIC DEVELOPMENT  
ARRANGEMENTS AND ECONOMIC DEVELOPMENT COMPANY**

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**Report of the Chief Operating Officer and Deputy Chief Executive**

**1. PURPOSE OF REPORT**

- 1.1 This report updates and seeks Cabinet approval to complete the establishment of the new sub-regional economic development arrangements (including emda Sub-Regional funding programme, Multi Area Agreement and Support Unit) and Leicester and Leicestershire Economic Development Company (EDC).

**2. SUMMARY**

- 2.1 This report outlines progress and seeks Cabinet approval for the final stages in establishment of the new Leicester and Leicestershire sub regional economic development arrangements including the Leadership Board, Coordination Group, Strategy and Performance Groups, officer Support Unit based at the City Council, Multi-Area Agreement and Proposed Economic Assessment for the sub region.
- 2.2 This report also updates on progress on the establishment of an EDC for Leicester and Leicestershire which is due to commence activity from April 2009. Delegated authority is sought to endorse the reconstitution of the Leicester Regeneration Company Limited as the new Economic Development Company and the acceptance of the County Council into membership of the company.
- 2.3 Establishment of the EDC will achieve one of the key Enterprise and Skills priorities included in the 'One Leicester' 25 year vision.

**3. RECOMMENDATIONS**

- 3.1 Cabinet are requested to:
- a) Note progress in relation to the Multi Area Agreement, Leadership Board, Coordination Group, Strategy and Performance Groups, officer support unit and commencement of the Economic Assessment for the sub region.
  - b) Delegate authority to the Chief Operations Officer and Deputy Chief Executive the finalised structure of the officer support unit to be based at the City Council.
  - c) Endorse the reconstitution of the Leicester Regeneration Company Limited (of which the Council is Corporate Member) as the new Economic Development

- Company for Leicester and Leicestershire and delegate authority to the Chief Operations Officer and Deputy Chief Executive to act on behalf of the Council in securing this transition.
- d) Nominate Councillor Patrick Kitterick as a non-executive director of the new company and delegate to the Chief Operations Officer and Deputy Chief Executive authority to nominate a second Director to the board of the new company.
  - e) That Alistair Reid be appointed as the representative of Leicester City Council for the purposes of the annual general and extraordinary general meetings of the Leicester Regeneration Company Limited (or as renamed) and is authorised to vote on behalf of Leicester City Council in all matters to be transacted at such meeting/s
  - f) That the Chief Operations Officer and Deputy Chief Executive be authorised to negotiate the terms of the funding agreement with the EDC in respect of the delivery of a programme of work in support of the sub regional arrangements described in this report and within the available funding.
  - g) For note, the Cabinet meeting of 8<sup>th</sup> December 2008 previously agreed delegation in relation to the Head of Legal Services in consultation with the Cabinet Lead for Regeneration and Transport to finalise the agreements as set out in paragraphs 4.3 & 4.4.

#### **4. REPORT**

##### **Background**

- 4.1 As outlined in the December 2008 Cabinet report sub-regional economic development arrangements have resulted from:-
- The Government's sub-national review of Economic Development and Regeneration which proposes a greater role for upper tier local authorities in leading economic improvement at the sub regional level and a broader but more strategic role for Regional Development Agencies.
  - Leicester and Leicestershire functioning as a single economic area and being therefore, the appropriate geography for carrying out economic leadership functions;
  - the opportunities to align City and County economic development activity particularly in relation to Local Area Agreements and through a new Multi Area Agreement

##### **Sub Regional Economic Development Structure**

- 4.2 The proposed new economic development structure for Leicester and Leicestershire was considered at Cabinet in December 2008. This is attached as Appendix 1 for information.
- 4.3 The **Leadership Board** has been created with board membership as proposed in the previous Cabinet report. Two legal agreements will underpin the work of the Board and the wider sub regional structure. The first in relation to the role, remit and terms of reference of the Board and the second to establish the working relationship between the City and County Councils in relation to the City Council hosting the supporting unit and accountable body function. Delegated authority is sought from Cabinet for the Chief Operations Officer and Deputy Chief Executive to finalise these legal agreements.
- 4.4 A further legal agreement has been completed between emda, Leicester City Council and Leicestershire County Council in relation to management of the emda sub-regional

funding allocation. Projects that are due to complete prior to 1<sup>st</sup> April 2009 will be overseen by LSEP and emda. Any liabilities for projects that cease prior to 31<sup>st</sup> March 2009 will remain with either EMDA or LSEP. For projects that continue from 1<sup>st</sup> April 2009 these will be novated to Leicester City Council as the Accountable Body. However, EMDA indemnifies Leicester City Council in respect of projects that cease to exist prior to 31<sup>st</sup> March 2009 and any projects that are novated after 1<sup>st</sup> April 2009 subject to the terms and conditions of the EMDA agreement.

- 4.5 As part of the sub-regional arrangements, a **Co-ordination Group**, which provides support to the Leadership Board, has met and terms of reference have been agreed. The themed **Strategy and Performance Groups** have also met and draft terms of reference have been established with these groups. The Strategy and Performance Groups are as follows:-
- Enterprise & Business
  - Rural Partnership
  - Housing, Planning and Infrastructure
  - Transport
  - Efficiencies
  - Employment and Skills
- 4.6 The officer **Support Unit** for the new sub regional arrangements will be located within the Economic Development Function of the Planning and Policy Division of the City Council. TUPE consultation has commenced with staff transferring from the Leicester Shire Economic Partnership which is scheduled for completion by 1<sup>st</sup> April 2009.
- 4.7 The Support Unit will:
- Provide the support to the Leadership Board, Co-ordination Group and the Strategy and Performance Groups.
  - Develop and support the creation of a Economic Assessment which is a new statutory duty for Local Authorities by April 2010
  - Lead on the delivery of the Multi-Area Agreement
  - Creation of a new Economic Strategy by 2010
  - Programme Management of the emda Sub-Regional Allocation
  - Creation of a Sub Regional Investment Plan by 2010 to meet with EMDA's contract
- 4.8 Funding for the Leadership Board and support structures is £525k of which £80k is Leicester City Council's contribution in line with the funding detailed in the December 2008 Cabinet paper.
- 4.9 Delegated authority is sought from Cabinet for the Chief Operations Officer and Deputy Chief Executive to finalise the Support Unit structure taking into account TUPE transfers.
- 4.10 Work on the creation of an **Economic Assessment** for April 2010 has already commenced with establishment of a Programme Board and this will help to inform the future strategy and programme to be delivered across Leicester and Leicestershire.

- 4.11 To update on progress, a news alert is being created which will provide monthly updates on progress in relation to all sub-regional activities. This is issued via email and issued by the Economic Development Team of Leicester City Council, contact Joanne Ives.
- 4.12 Following approval by Cabinet in December 2008, work has progressed on the **Multi-Area Agreement** which was officially signed off by Government on 12<sup>th</sup> January 2009. A summary document of the Multi-Area Agreement is attached as Appendix 2.

### **Economic Development Company**

- 4.13 A report was considered by Cabinet on 14 July 2008 where approval was given for:
- the principles, direction of travel and functionality of the EDC
  - the establishment of the EDC as set out in the work programme, and
  - the early appointment of a Chief Executive to be responsible for driving this programme forward and leading the new organisation
  - a further report to Cabinet before March 2009 formally launching the EDC.

### **Constitutional Arrangements**

- 4.14 A variety of options were considered for forming the new company. In the context of the operations of the Leicester Regeneration Company Limited (LRC), the intention that the new company should at least in part act in succession to LRC and for contractual convenience, it was decided to reconstitute this vehicle. A full Due Diligence exercise has been undertaken on LRC to confirm its suitability. This was completed without issue in December 2008.
- 4.15 Cabinet is requested to endorse the reconstitution of the Leicester Regeneration Company Limited (of which the Council is Corporate Member) as the new Economic Development Company for Leicester and Leicestershire and delegate authority to the Chief Operations Officer and Deputy Chief Executive to act on behalf of the Council in securing this transition.

### **EDC Membership**

- 4.16 The necessary papers have been drafted to allow a transfer of ownership from the current membership – Leicester City Council, English Partnerships (now the Homes and Communities Agency), and EMDA – to the new owners – Leicester City Council and Leicestershire County Council.
- 4.17 Formal transfer of ownership and control is planned to be effected on 18 March 2009 when, subject to Cabinet approval from both the City and the County Councils, the changes described in this report will be confirmed.

### **Funding**

- 4.18 Funding provisions for the EDC remains as follows:
- £250k City
  - £250k County
  - £125k Districts
  - £250K EP
  - £282K emda



- Total core funding - £1.2m/annum (Plus programme funding for specific programmes and projects)

### **Board Membership – Directorships**

- 4.19 While HCA and EMDA will remain key funding partners, they have elected not to remain in membership of the new company. Nor will they seek executive control through directorships. Instead each will be represented as observers to the board.
- 4.20 Neil Morris the current chairman of the company is to step down. Nick Carter, the former editor of the Leicester Mercury, has been appointed as Executive Chairman of the new company.
- 4.21 David Hughes has been appointed as Chief Executive of the new company but will not be a statutory director. John Nicholls, Chief Executive of LRC is to step down as a director and will be leaving the company to pursue other projects.
- 4.22 The Board will have private sector control and four additional private sector directors are currently being sought through ‘Nolan’ compliant procedures. The Business Forum has been asked to nominate a non-executive Deputy Chairman. Together with the Chairman, this will give a total of six private-sector board members.
- 4.23 The District Councils have nominated Ms Sue Smith, Chief Executive of Harborough District Council, as a statutory director.
- 4.24 Leicester City Council and Leicestershire County Council will each nominate two directors. It is proposed to nominate Councillor Patrick Kitterick as a non-executive director of the new company and delegate to the Chief Operations Officer and Deputy Chief Executive authority to nominate a second director to the board of the new company.

### **Operating Plan**

- 4.25 A draft Operating Plan for the Company is being prepared and this will form the basis of further preparatory work to be undertaken by the new Chief Executive ahead of the launch of the EDC in early April

### **Staffing**

- 4.26 The current staff of LRC will retain their contracts of employment. Three Members of staff from Leicester Shire Promotions Limited (LPL) will transfer into the new company under the Transfer of Undertakings Protection of Employment Regulations (TUPE). A further current member of staff at LPL on a fixed term contract will be granted a new fixed term contract by the new company. Two further members of staff at LPL are to be seconded to the new company.

### **Premises**

- 4.27 The current premises of the LRC are not large enough to accommodate the newly merged team. Nor are they Disabled Access compliant. Suitable alternative accommodation is currently being sought.

### **Launch of the EDC**

- 4.28 Preparatory work is nearing completion on the launch of the EDC at which a new company brand and logo will be revealed. The launch of the EDC will represent achievement of one of the key actions of the 'One Leicester' Enterprise and Skills priority. This will be the first EDC in the East Midlands and together with the new wider sub regional arrangements set out in this report represent a unique approach nationally.

## **5. FINANCIAL, LEGAL AND OTHER IMPLICATIONS**

### ***Financial Implications***

- 5.1 The financial contributions by the City Council to the EDC and support function of the Leadership board of £250k and £80k are the existing budgets for contributions to LRC, LSEP and Leicester Promotions.
- 5.2 There were no significant issues uncovered following the financial due diligence of the LRC.

*Martin Judson, Head of Finance, extension 297390*

## **5.2 Legal Implications**

### ***LEGAL IMPLICATIONS SUB REGIONAL PARTNERSHIP***

- 5.2.1 The new EDC will be brought into being by reconstituting the existing Leicester Regeneration Company Limited, of which the Council is currently a member and nominates a director.
- 5.2.2 The company will be reconstituted under a new name and its membership will comprise Leicester City Council and Leicestershire County Council. The day to day business of the company will be undertaken by the Board of Directors, although certain significant transactions will require the approval of both the County and City nominated directors.
- 5.2.3 The memorandum of the Company will be altered to extend its objectives to Leicestershire and the sub regional regeneration objectives. The articles of the company also require some technical amendments to reflect the change in membership and consequential practical points.
- 5.2.4 It is proposed that the outgoing executive directors of the Company, on behalf of the Company, enter into a disclosure agreement containing the usual undertakings as to trading, liabilities etc.
- 5.2.5 The Company will be a regulated company for the purposes of the Local Government and Housing Act 1989 and the Local Authorities (Companies) Order 1995. As such it will be treated (and in particular its credit transactions will be treated) in the same way as a subsidiary for the purpose of the Councils accounts and will need to be taken into account by the Council in determining its prudential borrowing limit.
- 5.2.6 It should also be noted that the above legislation also imposes other requirements on local authority companies, in particular as to the disclosure of its status as a local authority company, access to information and directors salaries and interests.

- 5.2.7 The Company is a company limited by guarantee. The guarantee is given by its members but is limited to £1. No distribution is permitted to members, profits are to be applied for the purposes of the company.
- 5.2.8 Because of the private sector balance on the board of directors the Company will not be able to trade with the two Councils outside of the law relating to public procurement. It will also be a “contracting authority” itself and therefore subject to the law relating to public procurement.
- 5.2.9 The Council has power to participate in this company under the provisions of section 2 of the Local Government Act 2000 (well being) but in doing so must have regard to its community strategy.
- 5.2.10 It is intended that the Company deliver a programme of work in support of the sub regional partnership priorities. This will be supported by stepping down emda sub regional funding allocation under a funding agreement which will reflect the terms and conditions of the emda declaration of grant entered into by the Council.
- 5.2.11 The report has identified a TUPE transfer of staff from Leicester Shire Promotions to the EDC. The staff concerned have rights in respect of their current conditions of service and in respect of pensions, and to be consulted and provided with information. Failure to observe these rights could lead to liability for the EDC.

*Joanna Bunting Legal Service, extension 296450*

## 6. OTHER IMPLICATIONS

OTHER IMPLICATIONS	YES/NO	Paragraph references within the report
Equal Opportunities	Yes	Whole Report
Policy	Yes	Whole Report
Sustainable and Environmental	Yes	Whole Report
Crime and Disorder	Yes	Whole Report
Human Rights Act	No	
Elderly/People on Low Income	Yes	Whole Report

## 7. RISK ASSESSMENT MATRIX

*This only needs to be included if appropriate with regard to the Council's Risk Management Strategy*

Risk	Likelihood L/M/H	Severity Impact L/M/H	Control Actions (if necessary/appropriate)
1 Failure of	L	H	Close dialogue to be maintained at

County Council to endorse reconstitution			both officer and member level
2 HCA and EMDA decline to step aside as members	L	L	Both organisations would be welcome to remain as members
3 Current directors decline to step aside	L	M	Members of the company would be required to meet in later extraordinary session to dismiss directors – this would cause delay only

L – Low  
M – Medium  
H – High

L – Low  
M – Medium  
H – High

## 8. BACKGROUND PAPERS – LOCAL GOVERNMENT ACT 1972

- Cabinet report of 8<sup>th</sup> December 2008 titled – ‘Sub Regional Arrangements for Economic Development’
- Cabinet report of 14<sup>th</sup> July 2008 titled – ‘Establishing a New Economic Development Company for Leicester and Leicestershire’.
- Prosperous Places: Taking forward the Review of Sub-National Economic Development and Regeneration: BERR – March 2008

## 9. CONSULTATIONS

- Officers within Leicester City Council
- Cabinet lead for Regeneration Highways and Transportation
- Officers within Leicestershire County Council
- Officers at emda
- Officers at English Partnerships/Homes and Communities Agency
- Officers and Board at Leicestershire Strategic Economic Partnership
- Officers and Board at Leicester Regeneration Company
- Officers and Board of Leicestershire Promotions/invest Leicestershire
- Leicestershire Chamber of Commerce
- Leicestershire Business Voice
- Officers/leaders of District Councils

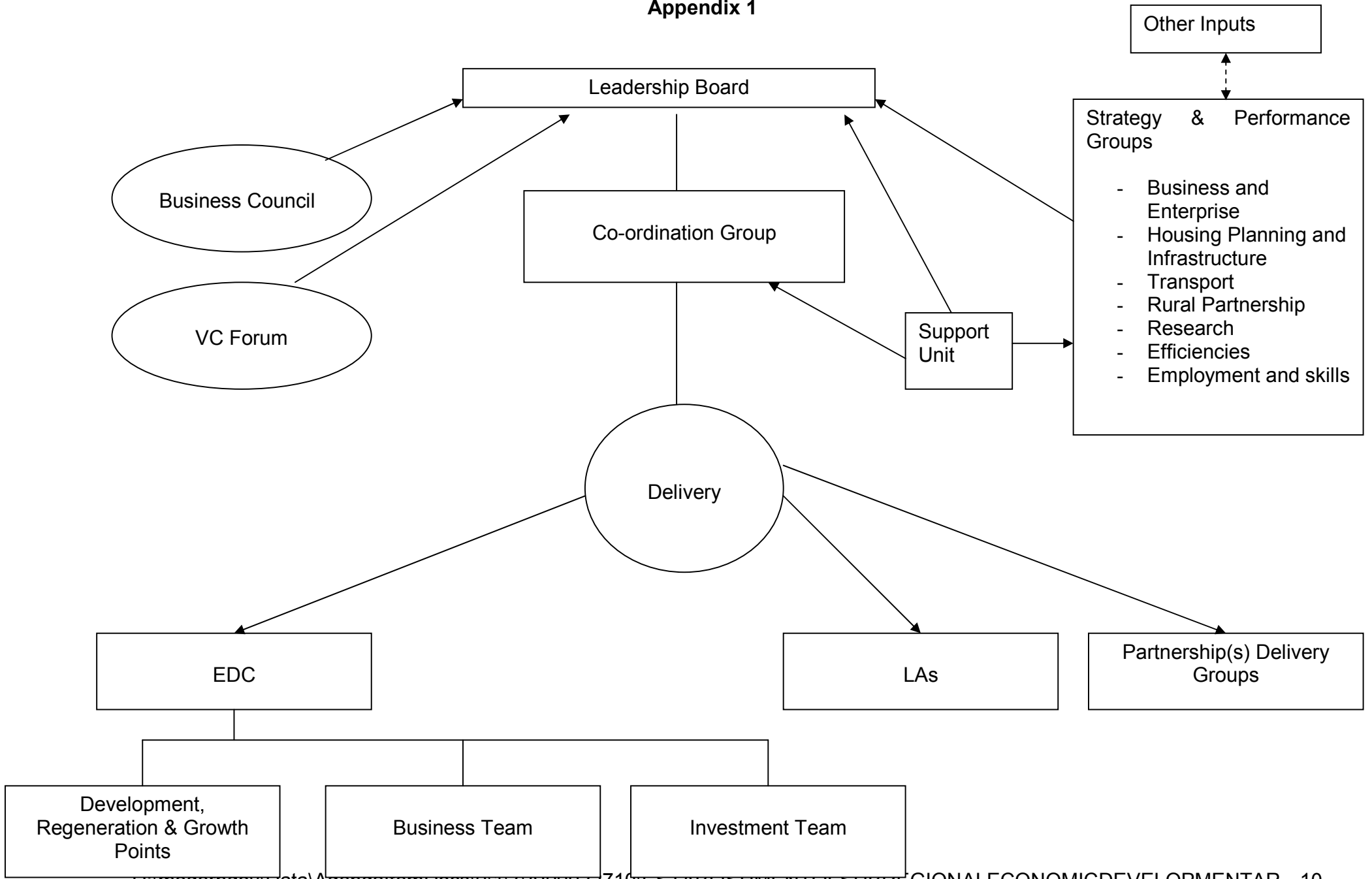
## 10. REPORT AUTHOR

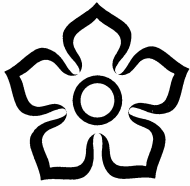
Andrew Smith, Service Director Planning and Policy 297201  
Joanne Ives, Acting Head of Economic Development 296524

Key Decision	Yes
Reason	Is significant in terms of its effect on communities living or working in an area comprising more than one ward
Appeared in Forward Plan	Yes

Executive or Council Decision	Executive (Cabinet)
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Appendix 1





Leicester  
City Council

## **FORWARD TIMETABLE OF CONSULTATION AND MEETINGS:**

**OSMB  
Cabinet**

**5<sup>th</sup> March 2009  
9<sup>th</sup> March 2009**

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### **Partnership Arrangements for providing Care Management Services for Persons with Substance Misuse Problems**

---

#### **Report of the Service Director, Adults and Housing Department**

#### **1. Purpose of the report**

- 1.1 The purpose of this report is to seek Cabinet approval of setting up of a revised community care assessments and care management services for persons with substance misuse problems. Leicester City Council will host the new service.

#### **2. Summary**

- 2.1 The current arrangements for managing community care drug and alcohol residential rehabilitation placements is via Leicestershire Community Projects Trust (LCPT), a Voluntary Sector provider who also provide a similar service to Leicestershire and Rutland County Council.
- 2.2 Following legal advise and given the specialist nature of this work, it is proposed that Leicester City Council host this team and provide assessment and care management services on behalf of Leicestershire County Council and Rutland County Council.

#### **3. Recommendations**

Cabinet is recommended to:

- 3.1 Agree that approval be given for the City Council to accept the social care functions delegated to it by both Leicestershire County Council and Rutland County Council thus enabling it to carry out Community Care Assessments and Care Management functions for people with substance misuse problem who are located in those areas;
- 3.2 Agree that the Corporate Director Adults and Housing Department, in consultation with

the Service Director, Legal Services be authorised to enter into a legal agreement with Leicestershire County Council and Rutland County Council to put the arrangements referred to in (3.1) above in place;

- 3.3 Note that these delegations of functions are subject to the approval of both Leicestershire County Council and Rutland County Council Cabinets;

## **4. Report**

### **4.1 Current Situation**

Services for the prevention and treatment of substance misuse in Leicester have developed opportunistically over a number of years. The service provision that makes up the current treatment system is provided from a range of organisations and covers open access provision, structured interventions, day care, services specifically for offenders via Probation, services working with street drinkers, specialist nurses within hospital settings, in-patient interventions, and access to residential rehabilitation. In addition there are services specifically for young people which include education as well as structured interventions.

- 4.2 This report solely deals with the part of that wider support system which is the assessment and commissioning of 'tier four' or residential rehabilitation placements.

Currently the service makes approximately 19 such placements per year, and assesses many more for community based services.

- 4.3 LCPT has for many years provided comprehensive community care services to persons with substance (drug and alcohol) misuse problems including the provision of community care assessments and care management services. Concerns were expressed about the appropriateness of a voluntary sector provider undertaking assessments as part of their contract in light of the legal requirements for community care assessments. Accordingly the three local authorities in conjunction with LCPT agreed to regularise the situation to the extent that the undertaking of community care assessments and, in addition for efficiency purposes, the provision of care management services, would be provided by a single social work team hosted by Leicester City Council although the staff members would continue to be physically located within the offices of LCPT under a license arrangement.

- 4.4 Legal Services have advised that the most efficient way of achieving this new arrangement would be to utilise Section 101 Local Government Act 1972. Section 101 is a provision whereby a local authority may arrange for the discharge of any of their functions by another local authority. Use of Section 101 will require a formal delegation of functions from Leicestershire County Council and Rutland County Council to Leicester City Council. A delegation of functions requires the approval of Cabinet to put the arrangements in place.

- 4.5 Once the necessary approvals have been obtained by each of the three Councils they will complete a legal agreement setting out the arrangements for the provision of



community care assessments and care management services by the City Council for this group of service users.

- 4.6 Interim arrangements have been agreed for the period 1 October 2008 until the Agreement has been signed. These include the appointment by the County Council of an agency staff member who will be located at the offices of LCPT.

## 5. Financial, legal and other implications

### 5.1 Financial Implication (Rod Pearson)

- 5.1.1 The introduction of the proposals will be achieved within existing resources. The current contract with the voluntary organisation, Leicestershire Community Projects Trust (LCPT), under which they provide community care services to persons with substance misuse problems in Leicester has been varied to the extent that LCPT will no longer provide community care assessments and care management services and their funding has been reduced accordingly from 1 October 2008.

#### 5.1.2 Contribution to the new integrated service will be as follows

• Leicester City Council	-	£41,500
• Leicestershire County Council including Rutland County Council	-	£41,500
• Drug and Alcohol Action Team (50/50 City/County)	-	£80,000
<b>Total</b>		<b>£163,000</b>

- 5.1.3 The City Council contribution of £41,500 should be seen as one part of the total funding to the L.C.P.T by the City Council of £341,018 for 09/10.

This total figure funds the wider substance misuse programme which includes:

- Drop in Case Management and Needle exchange (including advice and information).
- Day Services and group work.
- Complimentary Therapies
- Harm reduction – risk assessment and advice on immunization, hepatitis etc.

LCPT also receives funding from Leicestershire and Rutland County Councils, D.A.A.T and P.C.T's.

### 5.2 Legal Implications (Dawn Williams)

- 5.2.1 Local authorities have a statutory responsibility S47 (1) of the NHS and Community Care Act (1990) to carry out an assessment of need for service users with complex substance misuse problems.
- 5.2.2 This assessment function was discharged on behalf of Leicester, Leicestershire and Rutland via a service level agreement with Leicestershire Community Projects Trust (LCPT).
- 5.2.3 It is important that Section 101 of Local Government Act 1972 is complied with to give effect to the new arrangement and that the situation is regularised. Agreements are in the process of being entered into between Leicester City Council, Leicestershire County Council and Rutland County Council to give effect to this arrangement.

**6. Other implications**

6.1

OTHER IMPLICATIONS	YES/NO	Paragraph Within Supporting information	References
Equal Opportunities Policy	Yes	Through Report	
Sustainable and Environmental	No		
Crime and Disorder	No		
Human Rights Act	Yes	Through Report	
Elderly/People on Low Income	No		

- 7. Background papers –** NHS and Community Care Act 1990  
 Fair Access to Care Services 2002  
 Local Government Act 1972  
 One Leicester – Tackling Alcohol Harm

**8. Consultations.**

Leicestershire County Council  
 Rutland County Council  
 Leicestershire Partnership (NHS) Trust

Drug and Alcohol Action Team  
 Leicestershire Community Projects Trust

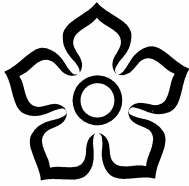
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Dave Durrant  
Service Manager  
Community Care Access and Review Service  
Telephone: 0116 256 5142  
[Dave.Durrant@leicester.gov.uk](mailto:Dave.Durrant@leicester.gov.uk)

<b>Key Decision</b>	Yes
<b>Reason</b>	Is significant in terms of its effect on communities living or working in an area comprising more than one ward
<b>Appeared in Forward Plan</b>	Yes
<b>Executive or Council Decision</b>	Executive (Cabinet)





Leicester  
City Council

## **FORWARD TIMETABLE OF CONSULTATION AND MEETINGS:**

**Cabinet**

**9<sup>th</sup> March 2009**

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### **Partnership Arrangements for Deprivation of Liberty Safeguards Assessments.**

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#### **Report of the Service Director, Adults and Housing Department**

#### **1. Purpose of the report**

- 1.1 The purpose of this report is to seek Cabinet approval for the setting up of a joint Deprivation of Liberty (DOL) Assessment Service which will be hosted by Leicestershire County Council. The Service will be funded by Leicestershire County Council, Rutland County Council, Leicester City Council and the two N.H.S. Primary Care Trusts serving that area.

#### **2. Summary**

- 2.1 Local authorities will have a statutory responsibility under the DOL Safeguards amendment to the Mental Capacity Act 2005. They are required to receive requests for DOL authorisations and to provide independent assessments of vulnerable people (over 18). This will apply to people in residential care homes who lack capacity to consent to the arrangements for their care in circumstances where the care they receive will deprive them of their liberty, and they are not subject to the Mental Health Act 1983. The NHS have the same responsibility for patients in hospital settings.
- 2.2 The full implementation of DOL is detailed in a delivery plan to be overseen by the Leicestershire, Leicester and Rutland LIN (Local Implementation Network). Preparations are on track for full implementation by April 2009 as required by the Department of Health.
- 2.3 The proposals are being made to allow Leicester City Council to deliver, in partnership with Leicestershire County Council, Rutland County Council, NHS Leicestershire County and Rutland (the County PCT) and NHS Leicester City (the City PCT) the new statutory duty required by the Deprivation of Liberty (DOL) Safeguards. This support is in line with new duties placed on local authorities under the Mental Capacity Act 2005.
- 2.4 It is proposed to introduce the new arrangements, if approved, by the 1 April 2009.

### **3. Recommendations**

Cabinet is recommended to:

- 3.1 Agree to the delegation of the City Council's social care functions to Leicestershire County Council for the purpose of enabling it to carry out Deprivation of Liberty Assessments on behalf of the City Council.
- 3.2 Agree that the Corporate Director of Adults & Housing Department, in consultation with the Service Director of Legal Services be authorised to negotiate and complete the partnership agreement.

### **4. Report**

- 4.1 The Mental Capacity Act 2005 has been amended to include the new DOL Safeguards. They received Royal Assent in July 2007. The date of implementation for DOL Safeguards has been given as 1 April 2009. The Act recognizes that on a limited number of occasions some service users have to be deprived of their liberty in order to receive the appropriate care and protection they need. The DOL Safeguards provide legal protection for those vulnerable people (over 18) in residential and hospital settings, who lack capacity to consent to the arrangements for their care. The Act provides a mechanism to ensure that they have the same rights to review and appeal as those whose liberty is restricted by the Mental Health Act.
- 4.2 Implementation of the DOL Safeguards is being arranged through a multi agency Local Implementation Network (LIN). This Network has representatives from the three local authorities – Leicestershire, Leicester and Rutland, NHS Leicestershire County and Rutland, NHS Leicester City and other key agencies across Leicestershire, Leicester and Rutland including independent sector providers. The LIN has considered a range of options and determined that a single joint-funded team managed through a Partnership Agreement will be the most effective way to deliver this new statutory duty. Leicestershire County Council's Adult Social Care Service has been selected as the host organization for this service.
- 4.3 The DOL Team to be managed by the County Council will consist of four assessors with appropriate clerical support to provide a service across Leicester, Leicestershire and Rutland. The Team will carry out, and where required, commission assessments from qualified 'Best Interest Assessors' employed in each agency who have specialist skills and knowledge appropriate to the individual service user's needs. The Team will, through Health partners arrange for appropriately trained and experienced doctors to carry out those parts of the DOL assessments where a qualified mental health doctor is required.
- 4.4 Local authorities will be required to receive requests for DOL authorization from care homes, and arrange for two independent qualified assessors to carry out assessments. These assessments will determine if the DOL Safeguards apply and if it is in the best interests of the service user to be deprived of their liberty for a limited period in order to

receive the care the need. The NHS have the same responsibility with regard to requests for DOL authorization from hospitals.

#### 4.5 Workload Implications

A Department of Health Random Impact Assessment estimated that referrals for authorisation of Deprivation of Liberty between April 2009 – March 2010 will be between 349 and 830.

Of these approximately 20% will be dealt with by Health whilst the remainder will be split approximately 60/40 between the County (including Rutland) and City.

Based on this calculation it is expected that between 2 – 6 requests for authorisation will be received by the City each week.

4.6 The executive of the three authorities and two health bodies who will be the subject of these arrangements have responsibility for action under the Mental Capacity Act. An executive of a local authority may delegate to another local authority or its executive as appropriate in whole or in part, any of its functions. The decision as to whether or not to accept such as delegation from another local authority is a matter for that council. Under the provisions of section 75 of the National Health Service Act 2006, NHS bodies may make arrangements for a local authority to exercise prescribed functions on their behalf. The proposals in this report allow further flexibility under the provisions of Section 113 of the Local Government Act 1972 which enables local authorities to make staff available to other authorities or health bodies and for health bodies to make staff available to local authorities.

4.7 The Partnership Agreement will enable the County Council to utilize Section 101 of the Local Government Act 1972 to carry out functions on behalf of the other local authorities. The Agreement will also include the delegation of powers under Section 75 of the National Health Service Act 2006 from the NHS to the County Council so the County Council can carry out functions on behalf of the NHS. In addition, Section 113 of the Local Government Act 1972 will be used to strengthen the core assessment team so that additional staff employed by each agency can undertake DOL assessments where required. The County Council will require the approval of their full Council to take on the functions required.

### 5. Financial, legal and other implications

#### 5.1 Financial Implication (Rod Pearson)

5.1.1 The cost of developing the DOL Team will be met by funding allocated by the Department of Health to the City Council, other local authorities and the NHS as part of the Mental Capacity Act Grant. As such all funding will be from within the existing budget and there are therefore, no specific financial implications. The County Council will manage a pooled budget with contributions from all partners as follows:

	2009-10	2010-11
Leicestershire	£273,096	£258,212
Leicester City	£186,118	£177,453

Rutland	£15,159	£13,901
NHS	£63,249	£65,110
<b>TOTAL</b>	<b>£536,575</b>	<b>£509,937</b>

- 5.1.2 The Mental Capacity Act Grant is made available through the Area Based Grant process and has consequently been subject to the current ‘top slicing’ arrangement (4.94%)
- 5.1.3 The funding will be used to implement the DOL Safeguards, including the establishment of the DOL Team and to provide training to in-house and independent sector residential care staff.

5.2 Legal Implications (Cathy Healy)

The statutory duties of the authority under the Deprivation of Liberty Safeguard introduced into the Mental Capacity Act 2005 by the Mental Health Act 2007 are referred to in the body of the report at 4.1. The key point of the partnership agreement is delegation of the DOL assessments (carrying out, monitoring and managing them) to the County but statutory responsibility for the assessments in relation to Service Users whose ordinary residence is in the city remains with Leicester City Council and therefore we need to ensure we are happy with the assessments carried out and agree those assessment by signing them to confirm acceptance of them

Legal advice may be required and guidance/clarification needed on:

- the wording of the partnership agreement before it is signed
- the governance structure proposed
- procurement issues

6. Other implications

6.1

OTHER IMPLICATIONS	YES/NO	Paragraph Within Supporting information	References
Equal Opportunities Policy	Yes	Through Report	
Sustainable and Environmental	No		
Crime and Disorder	No		
Human Rights Act	Yes	Through Report	
Elderly/People on Low Income	No		

7. Background papers –
- Mental Capacity Act 2005
  - Local Government Act 1972
  - National Health Service Act 2006



**8. Consultations.**

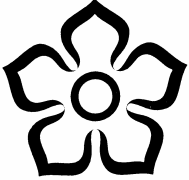
**9. Report Author/Officer to contact:**

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<b>Key Decision</b>	Yes
<b>Reason</b>	Is significant in terms of its effect on communities living or working in an area comprising more than one ward
<b>Appeared in Forward Plan</b>	Yes
<b>Executive or Council Decision</b>	Executive (Cabinet)





Leicester  
City Council

**WARDS AFFECTED**  
Type in Ward

## **FORWARD TIMETABLE OF CONSULTATION AND MEETINGS:**

**Cabinet**

**9<sup>th</sup> March 2009**

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### **Partnership Arrangements for Adult Mental Health Services**

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#### **Report of the Service Director, Adults & Housing Department**

#### **1. Purpose of Report**

- 1.1 The purpose of the report is to set out proposals regarding new Partnership Arrangements between Leicestershire Partnership NHS Trust (LPT), Leicester City Council, Leicestershire County Council and Rutland County Council for the provision of health and social care services for adults with mental health needs.

#### **2. Recommendations (or OPTIONS)**

Cabinet is recommended to:

- 2.1. Support and endorse the proposed new Partnership Arrangements between LPT, Leicester City Council, Leicestershire County Council and Rutland County Council.
- 2.2. Agree that the Corporate Director of Adults and Housing Department, in consultation with the Service Director of Legal Services be given authority to negotiate and complete a new Partnership Agreement under section 75 of the National Health Services Act 2006 for five years from 1 April 2009, along with any other legal agreements necessary for the joint provision of health and social care services in Leicestershire, Leicester City and Rutland for adults with mental health needs.

#### **3. Reasons for Recommendations**

- 3.1 Current arrangements for partnership working between LPT, Leicester City Council, Leicestershire County Council and Rutland County Council (the Councils) commenced on 1 April 2003 and will come to an end on 31 March 2009. A new Partnership Agreement for Adult Mental Health Services needs to be in place to commence on 1 April 2009, in order to ensure effective delivery of services in line with local and national policies.

#### **4. Policy Framework and Previous Decisions**

- 4.1 The current Partnership Agreement (“the First Partnership Agreement”) dated 19 December 2002 was implemented on 1 April 2003. It aimed to provide an integrated adult mental health service which would support local and national Government strategies such as the National Service Framework, the “flexibilities” of the Health Act 1999, NHS Plan, and Local Authority Performance Management Targets. On 1 April 2003 the Councils delegated their Health-Related functions to LPT so that LPT could provide social care as well as health services to adults with mental health and substance misuse needs.
- 4.2 It is proposed that the new Partnership Agreement will be made pursuant to section 75 of the National Health Service Act 2006 and regulation 8 of the NHS Bodies and Local Authorities Partnership Arrangements Regulations 2000. LPT has agreed to make available to the Councils under Section 113 of the Local Government Act 1972 certain officers who are managers within LPT to assist the Councils in the delivery of social care services. The new Partnership Agreement will support the implementation of a range of Local Authority and NHS policies relating to the provision of services for adults with mental health.

#### **5. Background**

- 5.1 Under the First Partnership Agreement the aim of the service was to create unified management arrangements, ensure efficient use of resources and provide best value for service users within an integrated service.
- 5.2 The arrangements included the delegation of social care functions to LPT and the secondment of relevant social care staff who worked within the service to LPT. Within these arrangements social care staff were managed by LPT line managers.
- 5.3 In addition, certain officers of LPT were made available to the Councils under Section 113 to exercise the “Permission to Spend” provisions under the First Partnership Agreement which governed the level of spend that an LPT employee might undertake for social care purposes.
- 5.4 Whilst the principles underpinning joint working in this area remain valid and ensure that service users receive a service which is better integrated from the two agencies, the practicalities of an entirely unified structure have proved difficult to put into place. The proposals below are intended to ensure continued and effective joint working.
- 5.5 The new arrangements seek to strengthen the links with Adult Social Care at a time when it is transforming and delivering Individual Budgets and Self Directed Support.
- 5.6 They strengthen links with the wider local authority and the Wellbeing Agenda, Local Area Agreements and Sustainable Communities Strategy. This brings benefits for mental health services through alignment with the wider Council approach and will also bring expertise around mental health back to inform the Council’s programmes.

- 5.7 The new arrangements retain the advantages of single line management of mental health teams which streamlines decision-making, promotes multi-disciplinary approaches and avoids service users being passed between agencies.
- 5.8 Consultation with the social care staff throughout the period of the First Partnership Agreement has consistently demonstrated that they wish to remain as employees of the Council.

## **6. Proposal**

- 6.1 The new Partnership Agreement will provide a firm legal framework and clear lines of accountability under which adult mental health services will be provided.
- 6.2 The proposed arrangements from 1 April 2009 are based on co-location and joint working.
- 6.3 The benefits for service users derive from the stronger links with the Council's initiatives around wellbeing, social inclusion and stronger communities while at the same time retaining single line management which brings quicker and clearer responses to their needs.
- 6.4 The benefits for staff are that:-  
  
they are fully involved in all aspects of social care developments;  
they retain their local authority and social care identity which strengthens their social care approaches within multi-disciplinary working;  
they retain their terms and conditions.
- 6.5 The social care functions will revert to the Councils on 1 April 2009, and the provision of Adult Mental Health Services, both health and social care, will be shared between LPT and the Councils from that date.
- 6.6 The secondment arrangements will terminate on 31 March 2009, and social care staff will no longer be formally seconded to LPT.
- 6.7 LPT line managers who are managing social care staff under the current arrangements will continue to do so after 31 March 2009, under a revised legal framework, and they will be made available to the Councils under Section 113 of the Local Government Act 1972 for this purpose.
- 6.8 Approved Mental Health Professionals (AMHPs), employed by LPT and the Councils, if required, will be made available to work across the boundaries of the three Councils under S113.
- 6.9 The Councils will resume responsibility for insuring the risks associated with the delivery of social care services from 1 April 2009.

## **7. Financial, Legal and Other Implications**

### 7.1 Financial Implications

The new management arrangements arising from the proposed partnership agreement will be achieved within existing resources.

### 7.2 Legal Implications

### 7.3 Other Implications

OTHER IMPLICATIONS	YES/NO	Paragraph References Within Supporting information
Equal Opportunities	<b>Yes</b>	<b>Throughout the report</b>
Policy	<b>Yes</b>	<b>Throughout the report</b>
Sustainable and Environmental	<b>No</b>	
Crime and Disorder	<b>No</b>	
Human Rights Act	<b>Yes</b>	<b>Throughout the report</b>
Elderly/People on Low Income	<b>No</b>	

## 8. Consultation

8.1 The new Partnership Agreement will relate to a significant number of staff, both social care and health. An initial period of formal consultation with social care and health staff has taken place with various options for partnership working being considered. Staff have been informed of the current proposals and the Councils and LPT have agreed at a strategic level that this is the way forward.

8.2 About 90 City Council employees will be affected by the proposals. Social care staff will be given the opportunity to attend information/consultation fora in February 2009. Health staff who will be affected have been advised of this fora and a consultation period by LPT is also underway. Individual meetings will be arranged as necessary. Staff side representatives have been, and will continue to be, fully involved in the process.

8.3 Four consultation events were held in Leicester and Leicestershire during the summer of 2008, when staff were consulted on the proposed new partnership agreement.

The events were well attended by staff, managers and staff side representatives who endorsed the direction of travel.

8.4 The new Partnership Agreement will not alter the services currently being provided by the Councils and the LPT and will not alter the way in which the services are currently provided. Service users will not therefore be affected. The new arrangements only alter the arrangements for integrated working as between the Councils and the LPT.

**9. Background Papers –**

9.1 The Mental Health Partnership Agreement – “Arrangements for the Integration and Provision of Mental Health and Social Services in Leicester, Leicestershire and Rutland by way of a Partnership Pursuant to Section 31 of the Health Act 1999”, December 2002.

**10. Report Author**

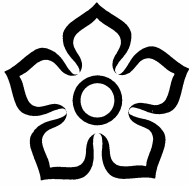
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<b>Key Decision</b>	Yes
<b>Reason</b>	Is significant in terms of its effect on communities living or working in an area comprising more than one ward
<b>Appeared in Forward Plan</b>	Yes
<b>Executive or Council Decision</b>	Executive (Cabinet)







Leicester  
City Council

## **FORWARD TIMETABLE OF CONSULTATION AND MEETINGS:**

**Cabinet**

**9<sup>th</sup> March 2009**

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### **FAIR ACCESS TO CARE SERVICES ACCESS, ELIGIBILITY AND PROVISION OF SOCIAL CARE SERVICES**

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#### **Report of the Service Director, Adults & Housing Department**

#### **1. Purpose of Report**

- 1.1 This report addresses the requirement to determine eligibility for services under the Government's guidance on Fair Access to Care Services (FACS). The guidance was introduced in April 2003. The council is required to reach an annual decision on where to place the threshold that determines eligibility across all adult and older people's social care services.

#### **2. Summary**

- 2.1 The national eligibility framework consists of the following four bands that describe the seriousness of the risk to an individual's independence if their assessed needs for support are not met:-

- Critical
- Substantial
- Moderate
- Low

Details of the content of each band of eligibility, along with case examples, are given in Appendix 4 of this report.

- 2.2 At present, the Department's threshold of eligibility for adult services is placed at 'substantial' and 'critical'.

The banding determines which eligible needs will be met and which will be referred for preventative services and/or signposting.

### **3. Recommendations (or Options)**

- 3.1 Cabinet is recommended to agree that the threshold of eligibility should continue to be placed at 'substantial' and 'critical' as indicated in Appendix 1.

### **4. Report**

#### **4.1. Background information**

- 4.1.1 The FACS guidance was prepared in response to the Gloucestershire judgement in 1997. Previous guidance had stated "criteria of need are matters for local authorities to determine in the light of resources". The view that local authorities could take resources into account when assessing needs and deciding what services to arrange was challenged in a judicial review against Gloucestershire Social Services in 1995.
- 4.1.2 The Department of Health's position was upheld by the House of Lords in 1997, and additional guidance was provided to emphasize that the judgement did not give local authorities a license to take decisions on the basis of resources alone.

It was confirmed that the local authority cannot arbitrarily change the services it arranges merely because its own resource position has changed. The local authority needs to consider what assessed needs it will meet (i.e. what its eligibility criteria will be/and reassess needs against revised criteria.

- 4.1.3 The need for guidance on eligibility criteria for adult social care services was identified in the 1998 White Paper "Modernising Social Services" as different local authorities used different eligibility criteria. This led to considerable variation in access to social care, which in turn led to unfairness. The practice of many local authorities to apply eligibility criteria for both assessment and particular services was seen to be confusing and unnecessary.
- 4.1.4 At the centre of FACS guidance is the principle that local authorities should operate just one eligibility decision for all adults seeking social care support, i.e. should people be helped or not? In carrying out their duties under Section 47 of the NHS and Community Care Act 1990, local authorities should keep assessment in proportion to the individual's needs.
- 4.1.5 To help them determine eligibility, the FACS guidance provides a national framework for local authorities to use when setting their eligibility criteria. It covers how local authorities should carry out assessments and reviews, and support people through these processes. The framework is based on risks that arise from needs associated with various forms of disability, impairment and difficulty, and will keep local authorities focused upon promoting the independence of those seeking their help.

#### **4.2 Current Performance**

4.2.1 Immediately prior to the introduction of the guidance in 2003/04, the Department undertook a large scale staff training programme in order to ensure that workers at all levels were fully informed about the new criteria and were able to apply them appropriately. Training is routinely provided for new employees.

This approach was further supported through the introduction of a new policy and practice guidance document issued to appropriate staff.

4.2.2 Measures have been taken to ensure that the eligibility framework is built into the development of CareFirst (the Department's electronic information system). This is to enable effective performance information to be collated to indicate the extent of risk being addressed, types of needs and the circumstances being provided for.

4.2.3 Information collection systems set up to monitor FACS activity, indicate that in 2007/08, approximately 95% of adult assessments/reviews undertaken have resulted in a new or continued service being provided, i.e. the assessed needs fell within the 'critical' and 'substantial' bands referred to in paragraph 1.2 above, and therefore above the line of eligibility for 2007/08.

4.2.4 The predicted figure for 2008/09 is 94%. This represents a total number of Assessments/Reviews at 'Critical' and 'Substantial' as 7025 out of a total number of Assessments/Reviews at 7441.

### **4.3 National Perspective**

#### ***Inclusion of 'moderate' category***

4.3.1 A recent survey of Local Authorities looked at the setting of eligibility thresholds and noted that the majority trend for eligibility has remained at 'critical' and 'substantial'. Approximately 80% of authorities have taken this position in 2008/09. A further 15% have included the 'moderate' band, whilst only 5% have either included 'low' or moved to 'critical' only.

4.3.2 Only a small number of Local Authorities provide care to those people with 'low' needs with most offering an advice service and information on alternative care providers within their locality.

4.3.3 This picture illustrates that the tension within eligibility criteria is on the boundary between 'moderate' and 'substantial' need, and this is where there seem to be variances between Local Authorities and their social care provision.

4.3.4 It appears that the tension is resolved by ruling that those people with 'moderate' needs will not qualify for services, apart from exceptional circumstances, where the assessment discloses needs which, if not met, are likely to lead to a significant deterioration in their condition within a very short time to 'substantial' or 'critical'.

4.3.5 It does appear from a review of current practice that the provision of 'moderate' care is generally being squeezed, with most Local Authorities that currently provide for this level of need either intending to stop providing this or currently reviewing their criteria around the care being provided to those with 'moderate' needs.

This would support the view that this Department's setting of the threshold at 'substantial' and 'critical' is the norm.

### ***Move to 'critical' only category***

4.3.6 Of 159 Local Authorities, only four are currently offering services at the level of 'Critical only'

4.3.7 Those authorities operating at the level of 'Critical only' have made additional investments of between £750,000 and £1,250,000 in the Voluntary Sector in order to facilitate this move.

4.3.8 The experience of these four authorities together with many others who have considered this option reveals the following.

- Of those in the 'Substantial' band receiving domiciliary care approximately 20/25% would require a move into residential care within three months.

In Leicester this equates to approximately 500 individuals at an approximately extra cost to the Department of £120 per week.

- A further 40% in the substantial band would be reclassified to 'critical' immediately, or within three months since the wording in the criteria states "either is, or will be" at risk.
- It is likely, though more difficult to calculate, that a further 20% would become critical within a 6 – 12 month time frame.

4.3.9 In order to facilitate such a move, a robust reassessment of almost 4000 individuals would need to take place before services could be removed.

Other authorities undertaking, or contemplating undertaking this action, have typically found the cost of backfilling posts etc to be in the region of £200,000 - £400,000.

## **5. Headline Financial and legal Implications**

### **5.1 Financial Implications (Rod Pearson, Head of Finance)**

- i) If Leicester's eligibility threshold continues to be placed at 'substantial' and 'critical' there are no direct financial implications. The cost is currently approximately £32.5m.
- ii) If the threshold were moved to 'critical only' this would result in only minor savings to the Department outlined in 5.1.4.
- iii) If the threshold were extended to include the 'moderate' band, this would result in an additional cost the Department of approximately £5.5m a year.

#### **5.1.2 Financial Impact of moving to 'critical' only**

The net cost, to the council, of providing residential and domiciliary care to service users in the 'substantial' category is in the region of £18m. This must be considered as an illustrative figure as records do not enable a precise analysis of cost between those on substantial and those on critical. The total cost at £32.5m is correct but the allocation of costs between two categories is based on a sampling exercise.

5.1.3 Of the £18m spent on the 'substantial' category, approximately £11.2m is spent on people in residential care. It is unlikely that savings can be made in this area as it is already the council's policy to provide care to people at their homes, rather than in a residential setting, whenever this is possible. Consequently, individuals have only moved into residential care where there was no realistic or safe alternative. This leaves the £6.8m spent on home-care. However, in the main it is this expenditure, which enables them to live at home, and were it to be withdrawn a large number of service users would need to be moved to residential accommodation.

#### 5.1.4 Summary of Projected Financial Impact.

	<b>2009/2010</b>
<b>Potential Revenue Savings</b>	(£6,800,000)
Increased cost resulting from Residential placements = 500 x £120 per week	£3,120,000
Continued cost of individuals reassessed as critical = 800 x £65 per week	£2,704,000
<b>Additional investment Required</b>	
- Reassessment of 4000 Service users	£200,000
- Investment in the Voluntary Sector	£750,000
<b>Net Revenue Savings</b>	<b>£26,000</b>

#### 5.1.5 Financial impact of providing care to those classified as 'moderate'

Following recommendation from last year's Cabinet discussion, work was undertaken to establish the financial effect of such a move.

Analysis of referrals from across the service over a six-month period suggests that approximately 2050 people in a full year, would become eligible for services if the threshold were lowered to include the 'moderate' category.

If the average cost of a care package for these 'new' service users was £50.00 a week then the total increased cost to the Department would be £5.2 million a year. Clearly there would also be additional staffing works involved in dealing with this increased workload (see below).

Potential Revenue costs	2009/2010
2000 additional service users @ £50 a week	£5,200,000
Additional Assessment and Care Planning Staff (x 10 FTE) + (x 1 Sen. Prac.)	£340,000
Additional Admin/Office etc	TBA
<b>Total Increase in Revenue Costs</b>	<b>£5, 540,000</b>

## 5.2 Legal Implications (Cathy Healy, Team Leader, Legal Services, Community Services)

5.2.1 The Community Care Access & Review Service receives approximately 2100 referrals each year, and undertakes formal Community Care Assessments in approximately 35% cases. Those who do not receive full assessments will comprise those who are either seeking a service that the Local Authority does not provide at all (e.g. domestic cleaning) or those whose potential needs are such that they will fall well short of the threshold for service provision (i.e. well below the “substantial” band). In these case the Department will, in consultation with the prospective service user, offer advice/signposting so that their needs might be more readily met. It would involve a disproportionate use of skilled resources to offer statutory assessments in 100% of cases. More importantly the prospective service user would not benefit from undergoing a comprehensive assessment when it is clear that they will not qualify for services. It is felt to be more sensible to properly direct these people to the services/agencies that can meet their needs. Nevertheless, nobody who requests one is denied a statutory assessment.

5.2.2 If the threshold moves to ‘critical only’, in order to comply with legislation, regulations and guidance, including the Human Rights Act 1998, the authority is required to be transparent in ensuring:

- Service users are given sufficient notice of any change in our eligibility criteria for services and how it may affect them
- There is a review/reassessment of all those service users potentially affected
- If services are to be withdrawn as a result of reassessment, service users are fully notified in writing with as much notice as possible and advised as to who to contact with any queries or concerns
- Adequate notice is given to service users before the withdrawal of services to allow them sufficient time to adjust

5.2.3 All other legal issues and implications have been addressed appropriately in the body of the report.

## 6 OTHER IMPLICATIONS

OTHER IMPLICATIONS	YES/NO	PARAGRAPH REFERENCES WITHIN SUPPORTING INFORMATION
Equal Opportunities	Yes	Throughout report
Policy	Yes	Whole report
Sustainable and environmental	No	
Crime and disorder	No	
Human Rights Act	Yes	Throughout report
Elderly/People on low income	Yes	Throughout report

## 7. Background Papers

- NHS and community Care Act 1990
- Modernising social services white paper 1998
- Local Authority Social Services Act 1970, Section 7(1)
- Health: Continuing Care: HSC 2001/015: LAC (2001) 18; Section 31: Health Act 1999 Flexibilities
- Rights and Discrimination: Sex Discrimination Act 1975; Disability Discrimination Act 1995; Human Rights Act 1998; Race Relations (Amendment) Act 2000
- Information Collection and Sharing Common Law Duty of Confidentiality; Data Protection Act 1998; Human Rights Act 1998; Caldicott Guidance.

## 8. Consultations

## 9. Report Author/Officer to contact:

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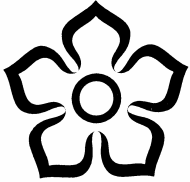
Dave Durrant  
Service Manager  
Community Care Access and Review Service  
Telephone: 0116 256 5142  
[Dave.Durrant@leicester.gov.uk](mailto:Dave.Durrant@leicester.gov.uk)

<b>Key Decision</b>	Yes
<b>Reason</b>	Is significant in terms of its effect on communities living or working in an area comprising more than one ward
<b>Appeared in Forward Plan</b>	Yes
<b>Executive or Council Decision</b>	Executive (Cabinet)

↑  
**LEICESTER CITY COUNCIL – ADULTS AND HOUSING DEPARTMENT**  
**ELIGIBILITY CRITERIA FOR COMMUNITY CARE SERVICES**

<b>A S S E S S M E N T  P R O C E S S</b>	<b>CRITICAL</b> <ul style="list-style-type: none"> <li>• Life is, or will be threatened;</li> <li>• Significant health problems have developed or will develop;</li> <li>• There is, or will be, little or no choice or control over vital aspects of the immediate environment;</li> <li>• Serious abuse or neglect has occurred or will occur;</li> <li>• There is, or will be an inability to carry out vital personal care or domestic routines;</li> <li>• Vital involvement in work, education or learning cannot or will not be sustained;</li> <li>• Vital social support systems and relationships cannot or will not be sustained;</li> <li>• Vital family and other social roles and responsibilities cannot or will not be undertaken.</li> </ul>	<b>SUBSTANTIAL</b> <ul style="list-style-type: none"> <li>• There is, or will be, only partial choice and control over the immediate environment;</li> <li>• Abuse or neglect has occurred or will occur;</li> <li>• There is, or will be, an inability to carry out the majority of personal care or domestic routines;</li> <li>• Involvement in may aspects of work, education or learning cannot or will not be sustained;</li> <li>• The majority of social support systems and relationships cannot or will not be sustained;</li> <li>• The majority of family and other social roles and responsibilities cannot or will not be undertaken</li> </ul>	<b>T H R E S H O L D  F O R  S E R V I C E S</b>	<b>MODERATE</b> <ul style="list-style-type: none"> <li>• There is, or will be an inability to carry out several personal care or domestic routines.</li> <li>• Involvement in several aspects of work, education or learning cannot or will not be sustained;</li> <li>• Several social support systems and relationships cannot or will not be sustained;</li> <li>• Several family and other social roles and responsibilities cannot or will not be undertaken.</li> </ul>	<b>LOW</b> <ul style="list-style-type: none"> <li>• There is, or will be, an inability to carry out one or two personal care or domestic routines;</li> <li>• Involvement in one or two aspects of work, education or learning cannot or will not be sustained;</li> <li>• One or two social support systems and relationships cannot or will not be sustained;</li> <li>• One or two family and other social roles and responsibilities cannot or will not be undertaken.</li> </ul>	<b>A S S E S S M E N T  P R O C E S S</b>
	← <b>ELIGIBLE NEEDS</b> →	← <b>PREVENTATIVE SERVICES, ADVICE, GUIDANCE, REFERRALS TO OTHER AGENCIES</b> →				





Leicester  
City Council

**WARDS AFFECTED  
ALL WARDS**

## **APPENDIX 2**

### **Current Arrangements**

The City Council has a duty under S47 of the NHS & Community Care Act 1990 to assess people who appear to need community care services, and on the basis of that assessment decide whether it is necessary for the Council to provide services in order to meet identified needs. Since community care arrangements were introduced in 1993 assessments have been differentiated between assessments for services on the one hand and full needs assessments on the other, on the basis of presenting needs.

The difficulty with this approach is that it did not provide consistency in the way people with similar risks to their independence and need for community care services were responded to i.e.:-

- Previous arrangements for differential assessments did not always ensure that an holistic approach was made to assessing a person's needs, risks and circumstances when allocated a service focused assessment;
- Eligibility criteria for one service area may be tighter than another based on the levels of demand and the availability of resources; it also does not facilitate the development of comparative performance data.

Similarly the lack of a consistent and effective case review policy in adult services has meant that continued eligibility for service provision had not always been determined and some people have continued to receive services after their circumstances have improved and risks have diminished.

## **APPENDIX 3**

### **Principles of the FACS Guidance**

- The Council should not operate eligibility criteria for specific types of assessment, but should tailor the assessment to the person's needs and circumstances (these issues will be addressed through the implementation of the Single Assessment Process).
- The Council should make only one eligibility decision with respect to people who have been assessed for community care services i.e. – are they eligible for social care services or not.
- The Council should promote a non-discriminatory approach to assessment and service provision by ensuring eligibility is based on needs and risks to independence, and not, for instance, on age, disability, or service availability.
- The Council should not operate eligibility criteria for different services, but should arrange the most appropriate and cost-effective help by matching services to eligible needs.
- People's presenting needs should be assessed and their eligible needs prioritized according to the risks to their independence in both the short and medium term if support is not provided, taking account of a longer-term preventive view of needs and circumstances.
- People whose needs have critical consequences for their independence and/or safety should be supported ahead of those with needs that have substantial consequences and so on.
- People's needs and circumstances must be reviewed on a regular basis to determine continued eligibility for services and appropriateness of service provision.
- The Council is required to focus resources and other local factors on helping those in greatest immediate or longer-term need, and be prepared to move resources from one budget head to another where necessary.
- The Council is required to review its eligibility criteria on a regular basis, and having determined its criteria it should ensure that services are in place to meet eligible needs.
- The Council should promote a wider community approach to prevention, involving Primary Care Trusts, supporting people and health promotion.

## APPENDIX 4

4.1 The eligibility framework has been constructed to enable the types and levels of risk in areas of life, which are central to a person's independence and well being to be identified.

4.2 The levels of risk have been graded into four bands that describe their seriousness of the risk to a person's independence, or other consequences, if needs are not addressed. The four bands specified by the DoH are:

- Critical
- Substantial
- Moderate
- Low

### 4.3 **Priority One: Critical**

- life is, or will be threatened
- significant health problems have developed or will develop
- there is, or will be, little or no choice and control over vital aspects of the immediate environment
- serious abuse or neglect has occurred or will occur
- there is, or will be, an inability to carry out vital personal care or domestic routines
- vital involvement in work, education or learning cannot or will not be sustained
- vital social support systems and relationships cannot or will not be sustained
- vital family and other social roles and responsibilities cannot or will not be undertaken.

### 4.4 **Case Example (Critical)**

***Mrs A has Alzheimer's disease and physical health problems related to her heart condition and incontinence. Mrs A is disorientated in time and place; she requires constant prompting to carry out daily living tasks. Mrs A also requires assistance with all personal care, including toileting needs and all domestic tasks.***

***Mrs A has no insight so is not aware of, or able to express her own needs. If left alone Mrs A is at risk of wandering, malnutrition, self-neglect and harm from inappropriate use of domestic appliances.***

***Mr A is the main carer and in addition to this Mrs A receives home care twice daily to assist with personal care and managing her incontinence. Mrs A attends***

**day care once weekly. There are no other family members in Leicestershire. Mr A has had a fall and has been admitted to hospital today.**

**Mrs A is assessed as having critical risk to independence so has eligible needs. Mrs A has little or no choice or control over vital aspects of the immediate environment; she has an inability to carry out vital personal care or domestic routines. If left in this situation it is likely that serious neglect will occur and life will be threatened.**

**An urgent assessment is carried out, it is likely that Mrs A would be admitted to respite care in a residential setting.**

#### **4.5 Priority Two: Substantial**

- there is, or will be, only partial choice and control over the immediate environment
- abuse or neglect has occurred or will occur
- there is, or will be, an inability to carry out the majority of personal care or domestic routines
- involvement in many aspects of work, education or learning cannot or will not be sustained
- the majority of social support systems and relationships cannot or will not be sustained
- the majority of family and other social roles and responsibilities cannot or will not be undertaken.

#### **4.6 Case example (Substantial)**

**Mrs A has Alzheimer's disease and physical health problems related to her heart condition and incontinence. Mrs A is disorientated in time and place, and requires constant prompting. She also requires assistance with all personal care, including toileting needs and all domestic tasks.**

**Mrs A has no insight so is not aware of, or able to express her own needs. If left alone Mrs A is at risk of wandering, malnutrition, self-neglect and harm from inappropriate use of domestic appliances.**

**Mr A is the main carer and in addition to this Mrs A receives home care once daily to assist with personal care and managing her incontinence. Mrs A attends day care once weekly. There are no other family members in Leicestershire.**

**Mr A has his own health issues and is feeling under a great deal of carer strain. Mrs A's GP has advised him to rest. Mr A requests support to reduce his caring responsibilities thus enabling him to continue to care for his wife.**

***Mrs A is assessed as having substantial risk to independence so has eligible needs. Although Mrs A's needs are identical to those outlined in the Critical example the support available to her from other sources (husband) is different so her needs are no longer Critical. As support offered Mr A is reducing, Mrs A is at risk of deterioration due to an inability to carry out the majority of personal care or domestic routines. The majority of family and other social roles and responsibilities cannot be maintained due to level of carer strain.***

***An assessment is carried out and it is likely that the support package would be increased for instance, to include additional home care and day care. A carer assessment would be carried out and carer support offered.***

#### **4.7 Priority Three: Moderate**

- there is, or will be, an inability to carry out several personal care or domestic routines
- involvement in several aspects of work, education or learning cannot or will not be sustained
- several social support systems and relationships cannot or will not be sustained
- several family and other social roles and responsibilities cannot or will not be undertaken

#### **4.8 Case example (Moderate)**

***Mr B has a diagnosis of schizophrenia and has had regular hospital admissions as a result. He regularly sees a psychiatrist and has Community Psychiatric Nursing support. Mr B lives alone but has a supportive family network in Leicester.***

***Mr B is independent with personal care tasks but needs support and prompting with domestic tasks. Mr B's family assist with shopping and budgeting and are happy to continue to do so.***

***Mr B's CPN has referred him for a community care assessment and has requested support with cleaning and gardening.***

***Mr B is assessed as having moderate risk to his independence so does not have eligible needs. Although there is an inability to carry out several domestic routines Mr B's other needs are met either independently or by his family. Mr B will be offered advice re-accessing support with gardening and cleaning via the voluntary and private sectors.***

#### **4.9 Priority Four: Low**

- there is, or will be, an inability to carry out one/two personal care or domestic routines

- involvement in one/two aspects of work, education or learning cannot or will not be sustained
- one/two social support systems and relationships cannot or will not be sustained
- one/two family or other social roles and responsibilities cannot or will not be undertaken.

#### 4.10 **Case example (Low)**

***Mr B has a diagnosis of schizophrenia and has had regular hospital admissions as a result. He regularly sees a psychiatrist and has Community Psychiatric Nursing support. Mr B lives alone.***

***Mr B is independent with personal care and domestic tasks. Mr B has a reluctance to allow his family to support him so has tried to manage his own finances. He has struggled with this. As a result he has rent arrears and is at risk of eviction from his local authority flat.***

***Mr B is assessed as having a low risk to his independence so does not have eligible need. There is an inability to carry out one or two domestic routines. Mr B's family are able and willing to support him but he has continued to decline this support. This has caused a deterioration of one or two family and other social support systems. Mr B does however meet all other needs independently.***

***Mr B is referred to the appropriate housing support team within the housing section of Leicester City Council.***

4.11 The four areas identified by the DoH as being central to maintaining a person's independence are:

- Autonomy
- Health and safety
- Managing personal and other daily routines
- Involvement in family and wider community life

These four factors have been used to construct a framework to identify the risks attached to various needs and circumstances within different areas of independence. The Council's responsibilities are to determine which of these needs and circumstances will be eligible for the provision of social care services in Leicester.

4.12 There are certain parameters, which need to be taken into account:

- the threshold for eligibility can only be set between the levels of risk to independence and not between the areas of independence, i.e. between moderate risk and low risk, for instance, or between moderate risk and substantial risk.
- the Council must provide services to people whom it has assessed as having an eligible need for social care services, i.e. if the Council sets the threshold for eligibility between the Moderate and Low bands, it must ensure that it has the

resources to meet the needs identified within the Moderate, Substantial and Critical bands. If it does not it would have to set the threshold higher, say between the Moderate and Substantial bands.

- Where a person has a variety of needs and circumstances, some which are eligible for social care support, and some which are not, the Council is not obliged to meet those needs which fall below the threshold of eligibility, but it may consider it appropriate to do so in certain circumstances for preventative reasons.
- The Council is unable to modify the components of the risk bandings (identified in bold in the framework) as these have been prescribed by the DoH, but the Council can describe the types of needs and circumstances it considers fall within the different levels of risk and areas of independence, and these should be reviewed on a regular basis.

## **APPENDIX 5**

### **Impact of FACS on Resource Management**

- 5.1 The FACS eligibility framework was welcomed as an appropriate and timely instrument to assist the Council in managing its limited resources. The benefits of the framework are in its relevance to adults of all ages and with any disabling condition who approach the Council for social care support, and it provides the Council with a legitimate and transparent means of determining resource allocation and eligibility for service based on the availability of resources.
- 5.2 Although the Council does not operate a formal prioritization system for case allocations within adult services, the eligibility framework enables new referrals to be prioritized in terms of the perceived risks to a person's independence based on presenting needs; and for assessed needs and circumstances to be prioritized and recorded in terms of risk and eligibility for service provision.
- 5.3 This enables a new set of performance data to be collated appropriately deployed, and the extent to which particular service areas may be over or under provided for, within the parameters of what the Council has determined as eligible need.
- 5.4 Once the Council has determined the level of risk and the types of need that are eligible for social care support, it is the responsibility of social work staff to apply this, and assess the needs and circumstances of individual's to determine the level of risk which these pose to their independence, evaluated against the risks to their autonomy, health and safety, ability to manage daily routines, and involvement in family and community life. They should consider which risks cause serious harm, and which risks may be acceptable or viewed as a natural and healthy part of independent living.
- 5.5 By identifying the risks attached to various needs and circumstances the assessor is able to determine whether the individual has eligible needs for social care services using the eligibility framework. When determining eligibility the assessor must take

account of the support that a person may already be receiving from carers, family members, friends and neighbours, and of the risks faced by them in their caring role.

- If, for example, a person is unable to perform several personal care tasks, but can do so with the help of a carer, and the carer is willing and able to continue caring both currently and in the longer-term, then the person should not be perceived as having eligible needs for social care services.
- If, on the other hand, the caring relationship were close to breakdown, the person's needs would be eligible for social care services, as there would be a critical risk of the person losing their independence and of the carer developing a significant health problem.

5.6 Where a person has eligible needs a care plan will be formulated to arrange for the provision of appropriate services tailored to their particular circumstances, and a decision made about the appropriateness of direct payments. Once the Council has decided that it is necessary to provide services to meet a person's eligible needs it is under a duty to provide those services.

5.7 Given the current levels of commitments, activity levels and limited availability of resources, it is perceived that the Council would face serious difficulties in providing care services to meet the needs of people whose circumstances have been assessed as presenting a moderate risk to their independence. The appropriate threshold for determining eligibility for social care services is considered to be between the Moderate and Substantial Bands of risk. The implications of this require the Council to provide social care services to any person whose assessed circumstances present a critical or substantial risk to their independence if services are not provided.

## **APPENDIX 6**

### **Impact on Service Users**

6.1 Generally the Council falls in line with most Local Authorities in establishing the eligibility threshold at 'critical' or 'substantial'. This has meant that those people with a 'moderate' risk to independence have been assisted to seek alternative ways of meeting those needs from other organizations.

## **APPENDIX 7**

### **Monitoring of FACS Performance**

7.1 The purpose of eligibility criteria is to support the most effective and efficient use of available resources and to ensure consistency and fairness across the city and across service user groups. It is therefore important that the application of the eligibility criteria is carefully monitored and reviewed on a regular basis.



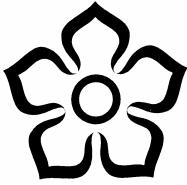
7.2 The FACS guidance requires the Council to audit and monitor its performance of fair access to care services by:

- gauging the extent to which different groups are referred and following assessment go on to receive services;
- monitoring the quality of the assessment and eligibility decisions of their staff;
- monitor which presenting needs are evaluated as eligible needs and which are not;
- auditing service effectiveness with reference to care plans and reviews;
- Monitoring the speed of assessment and subsequent service deliver in accordance with the local Better Care Higher Standards Charter and care management quality standards;
- Monitoring the timing and frequency of reviews.

7.3 This will be achieved through the performance management and quality systems, which include:

- Fair Access and Quality of Service Users and Carers performance information within National Performance Assessment Framework (PAF)
- Feedback from Carer and Service User Groups
- Customer satisfaction and feedback surveys
- Analysis and evaluation of Complaints and Compliments
- Internal Audit and inspection processes
- Staff supervision and appraisal system
- Information from external inspections and audits such as, Social Services Inspectorate, District Audit and the Best Value Inspectorate
- Monitoring financial performance against the FACS categories and service targets
- Equality Impact Assessment Process





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**All**

## **FORWARD TIMETABLE OF CONSULTATION AND MEETINGS:**

**Cabinet**  
**Performance & Value for Money Select Committee**

**9<sup>th</sup> March 2009**  
**2<sup>nd</sup> March 2009**

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## **Performance Report for Quarter Three**

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### **Report of Director of Partnerships, Performance and Policy**

#### **1. Purpose of Report**

- 1.1 This report presents a summary of performance against the priorities set out in *One Leicester* for the third quarter of 2008/9. Progress is primarily measured against the targets set in our Local Area Agreement. The report also includes brief commentary on performance on the remaining measures in the new National Indicator Set by exception.
- 1.2 The report focuses on:
- Significant achievements; and
  - Key areas of concern or risk, and proposed actions for addressing them
- 1.3 The report also updates on progress toward improving performance management being undertaken as part of the Delivering Excellence programme.

#### **2. Recommendations**

Cabinet are asked to:

- (i) Note our performance for the third quarter.
- (ii) Agree any further actions required to address areas at risk of not achieving targets including any recommendations for action by partners (to be included in the Quarter Three Performance Report to the Leicester Partnership Executive on 11<sup>th</sup> March).
- (iii) Note and comment on the future work that will be undertaken to improve our performance reporting.

### 3. Background

- 3.1 This Quarter Three report continues the performance reporting improvement project detailed in Quarter One. We continue to make slight changes to improve the accuracy and use value of the report overall. In this quarter we have greatly shortened the report's appendices by reducing the amount of commentary provided where an indicator's performance is not causing concern. As with Quarter Two there is still some changeover of indicators either reported as performing well or being of potential concern. We are monitoring the rate of changeover to establish where this relates to changes in how performance is being measured and where this relates to an exceptional quarterly change to the performance itself.
- 3.2 The general key themes in Quarter Three are:
- A general bedding down of the new reporting methodology and national indicator set
  - Consistency emerging between quarters with the key areas of risk generally remaining the same
  - A relatively settled performance picture with no worrying signs of volatility
  - Still some dependence on proxy based forecasting that in the majority of cases suggests on track year end performance
  - Some risk moving into Quarter Four if any positive proxy based forecast is failing to capture off target performance
- 3.3 Our reporting of performance is based on a combination of proxy indicators, actual data and management information set against actual targets.
- 3.4 This Quarter Three report continues the focus on LAA performance. This focus helps align the report with our key priorities and targets. Analysis of other indicators in the national indicator set is available in *Appendix Three* of this report on an exception basis (i.e. areas of significant under performance).
- 3.5 A project board has been established to manage the Delivering Excellence performance management project involving senior departmental representatives. Central to this project is the move from performance reporting to active performance management for the authority.

Achievements to date include:

- Improved timeliness of reports
  - An integrated Council and Leicester Partnership reporting timetable
  - Improved presentation of information
  - Move to a risk based approach for identifying areas of concern
  - Consistent approach to integrating Key Lines of Enquiry into reports
  - Improved collection of data and comparator data
- 3.6 Anticipated improvements in the Quarter Four report include the introduction of a basket of organisational performance measures (building on the inclusion of staff sickness levels in

this report) and the development of a tracking system to monitor agreed recommendations, actions and impacts arising from performance reports.

- 3.7 Future improvements from the work stream identified above in terms of performance management outside quarterly performance management reports include: the provision of ward level performance information linked to members' bulletins; further work on refining tolerances (margins of performance around target); creating better ways to identify areas of achievement and areas of risk; driving service improvement; and embedding a performance culture across the organisation.

#### **4. LAA Performance Summary**

- 4.1 Of the 58 measures in the LAA (designated, local and statutory DCFS) ten are ahead of target, 39 are on target and nine are below target.
- 4.2 Of the nine below target, two are under Investing in Our Children, one is under Planning for People, not Cars, one is under Reducing our Carbon Footprint, two are under Creating Thriving, Safe Communities and three are under Improving Health and Wellbeing. These are detailed in *Section Five* of this report.
- 4.3 The length, depth, duration and local effects of any recession will exert some influence on the performance of indicators linked to previous assumptions of economic growth. Currently indicators relating to business and jobs are performing better than expected given the national economic context.
- 4.4 As reported in Quarter Two the collapse of the housing market has consequences for two LAA indicators in particular. These are NI 154 (net additional homes provided) and NI 155i (number of affordable homes delivered). Government Office East Midlands are asking us to review the target for NI 154 at the annual refresh of the LAA.

#### **5. Performance Exceptions**

##### **5.1 Investing in our Children**

Performance against this priority includes 10 indicators dependent on end of year results. Currently those indicators are showing as behind target but are forecast as being on track to achieve the year end targets.

##### 25 Indicators

- 4 are reporting as above track
- 19 are reporting as on track
- 2 are reporting as off track and needing much more improvement
- 2 are reporting as performance unknown (NI1054 Services for disabled children is based on a national survey that has yet to be commissioned, NI1074 Achievement at level 5 or above in both English and Maths at Key Stage 3 – target abolished by government)

Please see *Appendix One* for summary of performance for these indicators.

Key achievements:

- NI 59 Percentage of Initial assessments for children's social care carried out < 7 working days
- NI 72 At least 78 points across Early Years Foundation Stage with at least 6 in each scale

Key areas of risk:

- NI 112 Under 18 conceptions. The latest available data shows a reduction of 4.9%. Our target for 2010 is a reduction of 55%. 2007/08 data for this indicator is currently unavailable until 14 months after the event (Feb 2009).
- NI 101 Children in care achieving 5 A\*-C GCSEs (or equivalent) at Key Stage 4, including English and Maths

Please see *Appendix Two* for specific exception reports for these indicators and remedial actions agreed at the meeting of the Cabinet Lead for Performance and Corporate Directors' Board on 10<sup>th</sup> February.

## 5.2 Planning for People, not Cars

There is no change in status this quarter for the indicators linked to this priority.

3 indicators

- 2 reporting as on track
- 1 reporting that we will not achieve our target

Please see *Appendix One* for summary of performance for these indicators.

Key areas of risk:

- NI 154 Net additional homes provided. This is low because of the current economic conditions and current housing market. GOEM are allowing us to review our target at the annual refresh of the LAA (no change on Quarter One or Two).

Please see *Appendix Two* for a specific exception report for this indicator and remedial actions agreed at the meeting of the Cabinet Lead for Performance and Corporate Directors' Board on 10<sup>th</sup> February.

## 5.3 Reducing our Carbon Footprint

NI193 ('percentage of municipal waste landfilled') was expected to slip behind target for Quarter Three. It remains on track to achieve target at the year end.

3 indicators

- 1 as on track
- 1 reporting an expected seasonal decline but on annual target
- 1 reporting that we have fallen behind annual target

Please see *Appendix One* for summary of performance for these indicators.

Key Areas of risk:

NI 186 Per capita reduction in CO2 emissions in the LA area. DEFRA figures released in September 2008 show that while the target for emissions was met based on 2006 performance the new target for reductions is not being met. Work Programmes for the three main emissions sectors – Commercial/Industrial, Domestic and Transport have been developed to scope out major actions to reduce citywide emissions. This represents a continuation of the situation reported on in Quarter Two.

Please see *Appendix Two* for a specific exception report for this indicator and remedial actions agreed at the meeting of the Cabinet Lead for Performance and Corporate Directors' Board on 10<sup>th</sup> February.

#### 5.4 Creating Thriving, Safe Communities

Key areas of risk remain unchanged from Quarter Two

12 indicators

- 4 reporting as above track
- 5 reporting as on or about track
- 2 reporting as off track
- 1 reporting as unknown (NI 140 Fair treatment by local services, still awaiting Place Survey data)

Please see *Appendix One* for summary of performance for these indicators.

Key achievements:

NI 20 Assault with injury, crime rates  
NI 32 Repeat incidents of domestic violence

Key areas of risk:

NI 16 Serious acquisitive crime rates  
NI 55i Number of affordable homes (social rented) delivered

Please see *Appendix Two* for specific exception reports for these indicators and remedial actions agreed at the meeting of the Cabinet Lead for Performance and Corporate Directors' Board on 10<sup>th</sup> February.

#### 5.5 Improving Wellbeing and Health

We anticipated more positive performance against this priority in Quarter Two. Data now available for Quarter Three shows three new key areas of risk.

9 indicators

- 5 reporting on track
- 4 reporting that we have fallen well behind target

Please see *Appendix One* for summary of performance for these indicators.

Key achievements:

NI 39 Hospital admissions for alcohol related harm rate (subject to confirmation that all necessary data is being captured)

Key areas of risk:

NI120 Mortality Rate – Male

NI120 Mortality Rate – Female

NI131 Delayed transfers of care

NI135 Carers receiving needs assessment or review & specific careers service or advice and information

Please see *Appendix Two* for specific exception reports for these indicators and remedial actions agreed at the meeting of the Cabinet Lead for Performance and Corporate Directors' Board on 10<sup>th</sup> February.

## 5.6 Investing in Skills and Enterprise

Performance in this category repeats the situation described in Quarter Two.

5 indicators

- 4 reporting as on track
- 1 reporting as unknown (NI172 Percentage of small businesses in an area showing employment growth, available February 2009)

Please see *Appendix One* for summary of performance for these indicators.

Key areas of risk:

Recession impacts on business growth and labour market performance.

## 5.7 Service Improvement / Efficiency

NI 179a Value for money – total net value of ongoing cash-releasing value for money gains that have impacted since the start of the 2008-09 financial year. Leicester City Council only data - This indicator measures the amount of cashable savings the local authority has made. We are currently reporting that we will meet our target.

NI 179b Total net value of ongoing cash releasing gains since 2008-9 (Partnership) reports that it will at least meet and could out perform target.



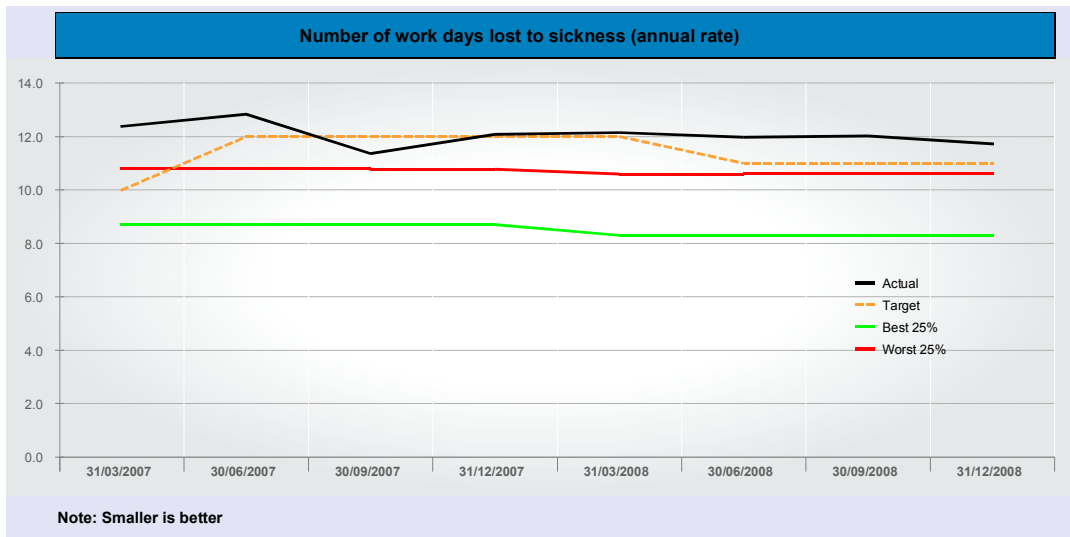
## 6. Other Measures in the National Indicator Set

6.1 As was the case in Quarters One and Two there has been no general shift in the pattern of performance above or under target. Reporting on these non-LAA indicators is on exception basis, focusing on under-performance. Full details of performance are provided in *Appendix Three*.

## 7. Organisational Performance

7.1 We are considering what measures could be used or introduced to provide a quarterly picture of organisational performance. For Quarter Three we are able to provide information on staff sickness absence.

### Staff Sickness Absence



### Forecast for the end of the year

Dept	End 2007/08	Forecast End 2008/09
Adults*	19.5	16.01
Housing	12.97	
Chief Execs	7.08	3.56
CYPS (Central)	12.84	12.90
CYPS (Sch)	9.5	9.89
R & C	14.35	12.30
Resources	10.63	10.57
<b>Corporate Total</b>	<b>12.15</b>	<b>11.73</b>

*Sickness Absence at the 9 month point 2008/09*

\* Adults department and Housing department have previously been shown separately, they are now merged on the reporting system and are now shown as the combined department Adults and Housing.

- 7.2 In order to reduce the current levels of absence, it is necessary to clearly identify both corporately and through analysis by service area the main reasons for absence. Different approaches are required in relation to tackling long term absence and those caused by chronic conditions and short term absence.
- 7.3 In the case of long term absence a proper tracking mechanism needs to be set up to ensure timely management of the sickness processes eg. early referral by managers, progress chasing of Occupational Health, regular case management between managers, HR and Occupational Health, regular meetings with the employee, and managed phased returns to work. This will help to reduce duration of absences which are sometimes elongated by inadequate prioritisation and management of sickness cases. In addition more in depth and practical sickness management training is needed to improve the knowledge, confidence and skills of managers in sickness management and to build a sense of ownership that sickness management is a clear part of all managers' responsibilities. In addition as part of service planning and objective setting for managers at appraisals sickness reduction targets can ensure that managers recognise their responsibilities for sickness management and give it adequate priority.
- 7.4 For specific types of absence improved processes are needed (eg in handling stress cases) and an enhanced awareness of appropriate techniques and options.

## 8. **Headline Financial and Legal Implications**

- 8.1 The report sets out proposals to make use of performance data in order to inform decision making. This could include the re-direction of funding, in order to secure the best value for money and most effective use of resources. There could, therefore, be implications for the development of the Council's financial framework, particularly with regard to budget preparation, budgetary control and budget monitoring. It is important that any such revisions to the financial framework continue to identify clear lines of budgetary and financial responsibility and, therefore, financial control.
- 8.2 The Council is currently implementing a new resource management system (RMS). This should facilitate improved and more responsive reporting but it should be noted that data must first be collected reliably before it can be reported on with accuracy.

(Author: Andy Morley Chief Accountant x 7404)

- 8.3 There are no direct legal implications.  
(Peter Nicholls, Service Director, Legal Services x 29 6302)

## 9. **Other Implications**

OTHER IMPLICATIONS	YES/NO	Paragraph	References
Equal Opportunities	No		
Policy	No		
Sustainable and Environmental	Yes	5.2 & 3	

Crime and Disorder	Yes	5.4
Human Rights Act	No	
Elderly/People on Low Income	Yes	5.5

## 10. Consultations

Leicester Partnership Performance Management Group – 30<sup>th</sup> January 2009  
Meeting of the Cabinet Lead for Performance and Corporate Directors' Board – 10<sup>th</sup> February 2009

## 11. Background Papers

Performance reporting and management arrangements for 2008-09 and performance report for Quarter One – Cabinet, 10<sup>th</sup> November 2008

Performance Report for Quarter Two – Cabinet, 8<sup>th</sup> December 2008






## 12. Report Author / Officers to contact:

































Adam Archer  
Special Projects Manager  
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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)

Summary Scorecard of Leicester's LAA Outcome Measures for the 3<sup>rd</sup> Quarter 2008/09

## Key:

-  Close to target     
  Data not available  
 Above target     
  No target or forecast available (due to data unavailability etc)  
 Below target

LAA2 All Measures					
Indicator	Lead	Latest Actual	Latest Target	Latest Performance	End of year forecast
LAA NI001 % of people who believe people from different backgrounds get on well together	Harrison, Lee	80.00	80.00		
LAA NI005 Overall/general satisfaction with local area	Harrison, Lee	65.00	65.00		
LAA NI016 Serious acquisitive crime rate (monthly rate)	Pancholi, Daxa	2.39	2.44		
LAA NI018 Adult re-offending rates for those under probation supervision	Pancholi, Daxa	167.90	167.90		
LAA NI019 Rate of proven re-offending by young offenders	Thrusell, David	0.10	0.57		
LAA NI020 Assault with injury crime rate	Pancholi, Daxa	1.05	1.55		
LAA NI027 Understanding of local concerns about ASB and crime by the local council and police	Pancholi, Daxa	38.60	38.60		
LAA NI032(draft) Repeat incidents of domestic violence	Pancholi, Daxa	22.17	22.17		
LAA NI035 Building resilience to violent extremism	Harrison, Lee	2.75	2.75		
LAA NI039 Rate of Hospital Admissions per 100,000 for Alcohol Related Harm	Galoppi, Kate	1987.00	2776.00		
LAA NI040 Number of drug users recorded as being in effective treatment	Galoppi, Kate	1205.00	1178.00		
LAA NI050 Emotional health of children	Hajek, Penny	64.30	64.30		
LAA NI054(draft) Services for disabled children	Hajek, Penny	?	?		
LAA NI056i Percentage of children in Year 6 with height and weight recorded who are obese	Libreri, Margaret	20.30	21.50		
LAA NI059 Percentage of Initial assessments for children's social care carried out < 7 working days	Smith, Andy	70.00	63.00		
LAA NI065 Children becoming the subject of a Child Protection Plan for a second or subsequent	Smith, Andy	17.34	11.00		

time					
LAA NI072 At least 78 points across EarlyYears Foundation Stage with at least 6 in each scale	Steadman, Denise	39.50	30.00	★	★
LAA NI073 Achievement at level 4 or above in both English and Maths at Key Stage 2 (Threshold)	Libreri, Margaret	66.70	60.00	★	★
LAA NI074 Achievement at level 5 or above in both English and Maths at Key Stage 3 (Threshold)	Libreri, Margaret	?	61.00	?	●
LAA NI075 Achievement of 5 or more A*-C grades at GCSE or equivalent including English and Maths	Libreri, Margaret	40.50	40.00	●	★
LAA NI083 Achievement at level 5 or above in Science at Key Stage 3	Libreri, Margaret	64.00	71.00	●	●
LAA NI087 Secondary school persistent absence rate	Hajek, Penny	8.00	6.00	▲	★
LAA NI092 Narrowing the gap- lowest achieving 20% the Early Yrs Foundation Stage Profile vs the rest	Libreri, Margaret	39.50	34.00	▲	●
LAA NI093 Progression by 2 levels in English between Key Stage 1 and Key Stage 2	Libreri, Margaret	85.00	96.00	▲	●
LAA NI094 Progression by 2 levels in Maths between Key Stage 1 and Key Stage 2	Libreri, Margaret	79.00	91.00	▲	●
LAA NI095 Progression by 2 levels in English between Key Stage 2 and Key Stage 3	Libreri, Margaret	25.00	36.00	▲	●
LAA NI096 Progression by 2 levels in Maths between Key Stage 2 and Key Stage 3	Libreri, Margaret	54.00	64.00	▲	●
LAA NI097 Progression by 2 levels in English between Key Stage 3 and Key Stage 4	Libreri, Margaret	53.70	53.70	●	★
LAA NI098 Progression by 2 levels in Maths between Key Stage 3 and Key Stage 4	Libreri, Margaret	24.20	24.20	●	★
LAA NI099 Children in care reaching level 4 in English at Key Stage 2	Smith, Andy	35.70	43.00	▲	★
LAA NI100 Looked after children reaching level 4 in mathematics at Key Stage 2	Smith, Andy	35.70	52.00	▲	●
LAA NI101 Looked after children achieving 5 A*-C GCSEs (or equiv) at KS 4 (with English and Maths)	Smith, Andy	2.40	27.00	▲	▲
LAA NI110 Young people's participation in positive activities	Hajek, Penny	67.00	67.00	●	●
LAA NI112 Under 18 conception rate	Hajek, Penny	-5.30	-28.30	▲	▲
LAA NI117 16 to 18 year olds who are not in education, employment or training (NEET)	Hajek, Penny	8.50	8.40	●	●
LAA NI118 Take up of formal childcare by low-	Steadman, Denise	12.00	14.00	▲	●

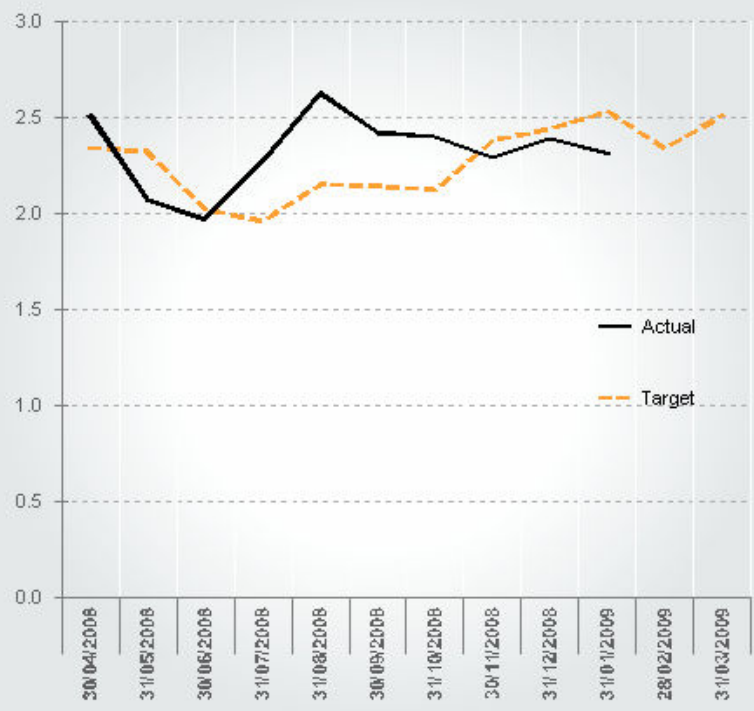
income working families					
LAA NI120(i) All-age all cause mortality rate (females)	Watson, Deb	598.40	582.00		
LAA NI120(ii) All-age all cause mortality rate (males)	Watson, Deb	850.12	839.00		
LAA NI125 Achieving independence for older people through rehabilitation/intermediate care	Dave, Bhupen	85.00	80.00		
LAA NI126 Early access for women to maternity services	Watson, Deb	77.50	80.00		
LAA NI131 Delayed transfers of care	Dave, Bhupen	15.35	11.90		
LAA NI135 Carers receiving needs assessment or review & specific carers service or advice & inf.	Dave, Bhupen	15.10	18.00		
LAA NI140 Fair treatment by local services	Kszyk, Irene	?	?		
LAA NI142 Number of vulnerable people who are supported to maintain independent living	Rees, Tracie	98.00	98.00		
LAA NI143 Offenders under probation supervision living in settled & suitable accomm at end of order	Pancholi, Daxa	82.60	70.00		
LAA NI152 Working age people on out of work benefits	Ives, Jo	16.19	16.50		
LAA NI153 Working age people claiming out of work benefits in the worst performing neighbourhoods	Ives, Jo	31.41	31.40		
LAA NI154 Net additional homes provided	Richardson, Mike	740.00	1450.00		
LAA NI155i Number of affordable homes (SOCIAL RENTED) delivered	Keeling, Julia	57.00	108.00		
LAA NI163 Proportion aged 19-64 for males and 19-59 for females qualified to at least Level 2	Ives, Jo	57.04	57.55		
LAA NI165 Proportion aged 19-64 for males and 19-59 for females qualified to at least Level 4	Ives, Jo	22.20	21.50		
LAA NI167 Congestion - average journey time per mile during the morning peak	Wills, Mark	4.62	4.48		
LAA NI172 Percentage of small businesses in an area showing employment growth	Ives, Jo	?	?		
LAA NI175 Access to services and facilities by public transport, walking and cycling	Wills, Mark	81.60	79.40		
LAA NI179a VFM Total net value of on-going cash-releasing gains since 2008-9 (Council)	Noble, Mark	11097.00	10326.00		
LAA NI179b VFM Total net value of on-going cash-releasing gains since 2008-9 (Partnership)	Noble, Mark	27045.00	24108.00		
LAA NI186 Per capita reduction in CO2 emissions	Dodd, Anna	1.80	3.90		

in the LA area					
LAA NI188 Planning to adapt to Climate Change	Dodd, Anna	2.00	2.00	●	●
LAA NI193 Percentage of municipal waste land filled	Weston, Steve	62.00	56.00	▲	●

# **3<sup>rd</sup> Quarter LAA Outcome Measure Exception Summaries**



**NI016 Serious Acquisitive Crime Rate (monthly rate)**



Note: Smaller is better. Best authority is Norwich.

**Measure:** LAA NI016 Serious acquisitive crime rate (monthly rate)  
**Lead:** Pancholi, Daxa  
**Period:** Dec 2008

**Overall performance assessment:** Serious Acquisitive crime has seen a steady rise this year as it is the type of offence most susceptible to economic conditions. At the end of qtr 2, there was a 4% increase for the year to date figure against the same period last year. By qtr 3, this had reduced to 2%. A reduction is anticipated.

**Risk assessment & future prospects:** Despite a number of actions being taken, there is every likelihood that the SLP will not achieve the target by the end of Q4 of this year. The over all number is expected to still be high for next year with a high risk of missing the target this year (see above).

**Actions undertaken to improve performance:** Actions undertaken this year have involved additional police patrols in Robbery hotspot locations and increased partnership activity (police patrols, target hardening) in domestic burglary hot spot locations. Where this has taken place, impressive results have been evident.

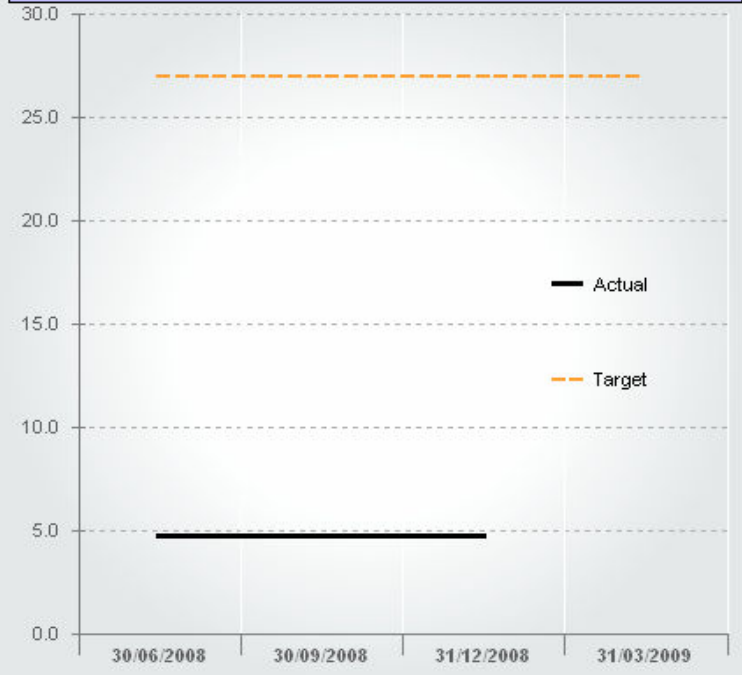
**Future actions to improve performance:** A new action plan is in place for Feb/March to meet this target. We have secured additional diagnostic consultancy for Place Based Support from the Home Office.

**Corporate Performance Board Comments:** Consider reprioritisation of resources eg, shift from crime targets which are overachieving to serious acquisitive crime. More partnership dialogue between Council, Probation Service, & Police etc to identify areas of joint action to address offending behaviour. More work on vulnerability of student accommodation. Investigate whether new street wardens can be concentrated in NI16 hotspot areas

		Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
+ LAA NI016 Serious acquisitive crime rate (monthly rate)	Actual	2.51	2.07	1.97	2.27	2.63	2.42	2.40	2.29	2.39	2.31		
	Target	2.34	2.32	2.02	1.96	2.15	2.14	2.12	2.38	2.44	2.53	2.34	2.51
	Var % Target	▲	★	●	▲	▲	▲	▲	▲	●	●	—	—

Overall Risk Rating for End of Year: ▲

**NI101 Looked after children achieving 5 A\*-C GCSEs (or equiv) at KS4 (with english & maths)**



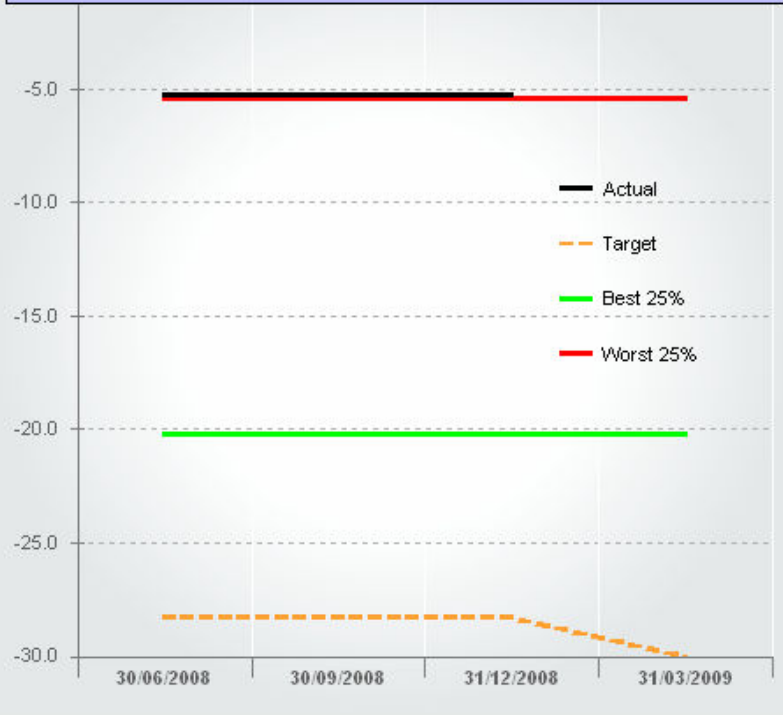
**Note: Bigger is better. No benchmark data currently available.**

Measure:	LAA NI101 Looked after children achieving 5 A*-C GCSEs (or equiv) at KS 4 (with English and Maths)
Lead:	Smith, Andy
Period:	Dec 2008
Overall performance assessment:	This target is particularly challenging given the difficulties young people in care deal with on a day-to-day basis. However, our ambition for all our looked after children is high and we must ensure we do everything possible with our partners to enable these children to fulfil their potential.
Risk assessment & future prospects:	Current predictions are for 2 out of 29, which is below the agreed target. For comparison, 11 of the same cohort are predicted to achieve 5+A*-G GCSEs, including Maths and English. The RALAC team are working to target resources effectively, including use of Personal Education Allowance budget.
Actions undertaken to improve performance:	Personal Education Allowances will be targeted from yr 9 onwards where additional support may result in success. Personal Education Plans are crucial to improve our performance in this area. Using successful approaches in other measures may help here but this is unlikely this academic year.
Future actions to improve performance:	Next year's cohort of 39 has a range of additional needs which are being assessed for appropriate support, but current predictions are poor (1/39). Future targets will reflect the high ambitions held for this group of children.
Corporate Performance Board Comments:	Corporate Parenting Group to look at opportunities for staff to be involved in mentoring type roles.

	Jun 2008	Sep 2008	Dec 2008	Mar 2009
Actual	4.80	4.76	4.76	
Target	27.00	27.00	27.00	27.00
Var % Target	▲	▲	▲	■

Overall Risk Rating for End of Year:  
▲

**NI112 Reduction in under 18 conception rate**



**Note: Lower is better. Best in England is Bracknell Forest.**

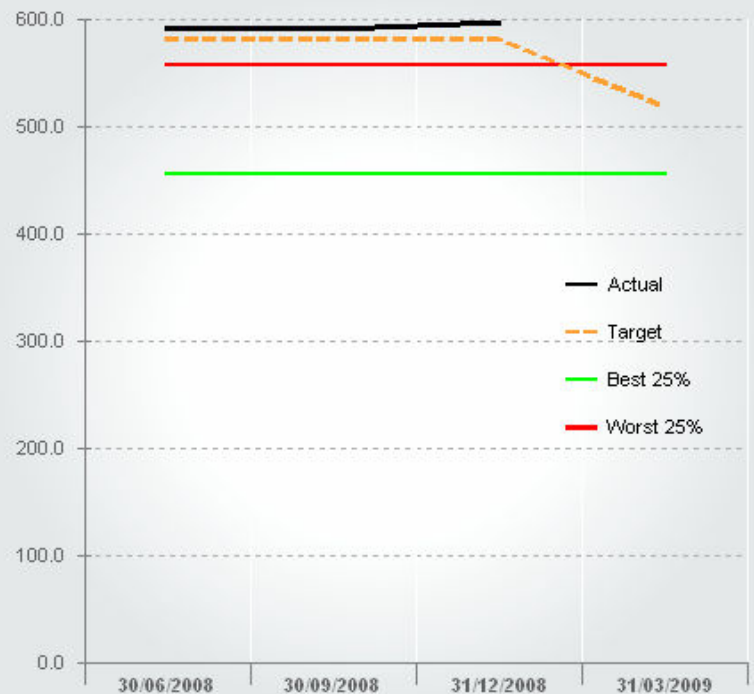
Measure:	LAA NI112 Under 18 conception rate
Lead:	Hajek, Penny
Period:	Dec 2008
Overall performance assessment:	More sexual health shops have been set up, with sign-up from and local media. 10 new sexual health clinics at GP surgeries contraception and STI screening. Scheme launched for offer free EHC to under 15's.
Risk assessment & future prospects:	The LA and PCT developing a social marketing plan to support behavioural change. SRE guidance is provided to practitioners. SRE support in 24 primary schools feeding the 10 priority review of post-16 providers is due to begin which will inform delivery for this group.
Actions undertaken to improve performance:	Safer sex sites have been set up in areas of need and services by at risk groups. Recruited a dedicated data analyst for Pregnancy in October in order to improve data collection and
Future actions improve performance:	Achieving the required reduction trajectory towards 2010 extremely challenging
Corporate Performance Board Comments:	Share latest teenage conception data when it becomes Executive group to look at addressing poverty of aspiration joined-up partnership approach; Link hotspots to school work and Sex & Relationships Education; Explore options of & Leisure facilities to promote messages

		Jun 2008	Sep 2008	Dec 2008	Mar 2009
LAA NI112 Under 18 conception rate	Actual	-5.30	-5.30	-5.30	
	Target	-28.30	-28.30	-28.30	-30.00
	Var % Target	▲	▲	▲	■

Overall Risk Rating for End of Year:

▲

**NI120(i) All-age all cause mortality rate (female)**



**Note: Smaller is better. Best authority in England is Kensington & Chelsea.**

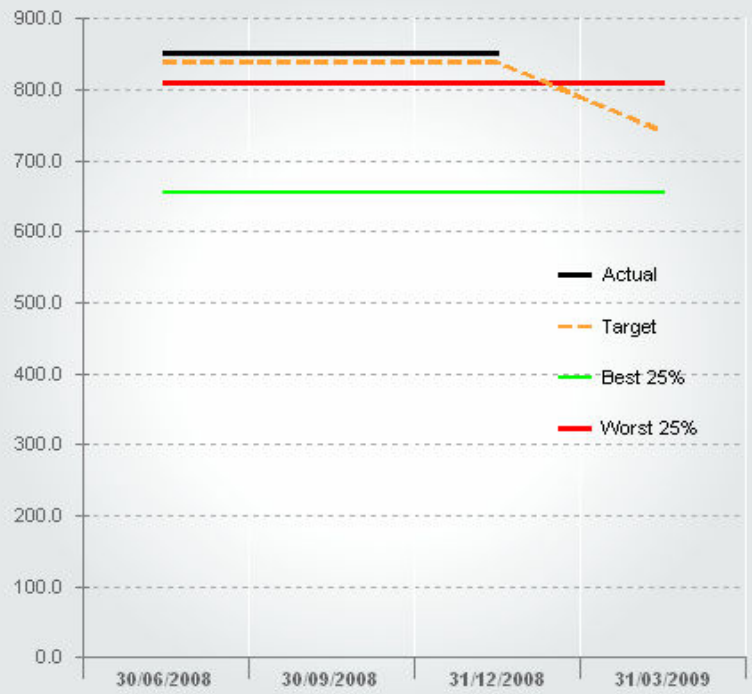
Measure:	LAA NI120(i) All-age all cause mortality rate (females)
Lead:	Watson, Deb
Period:	Dec 2008
Overall performance assessment:	The current rate for AAACM in FEMALES in Leicester City is 598.4 (2005-2007), worse than the target of 582 (2006 target). If performance continues at the current trend, then the forecast for 2009 (2008-2010) is estimated as 604.0 against a target of 519
Risk assessment & future prospects:	Risk: ON TARGET for current data year (2005-2007), NOT ON TARGET FOR data relating to 2008-10
Actions undertaken to improve performance:	Monthly Performance Management meetings to monitor performance held with Directors and Corporate Performance Team.
Future actions to improve performance:	Workstreams include: Work relating to improving mortality rates as above for males. Additionally there is the HPV vaccination programme for 12-13 girls being rolled out and extended to 17-18 year old girls
Corporate Performance Board Comments:	

		Jun 2008	Sep 2008	Dec 2008	Mar 2009
LAA NI120(i) All-age all cause mortality rate (females)	Actual	591.30	591.30	598.40	
	Target	582.00	582.00	582.00	519.00
	Var % Target	●	●	●	—

Overall Risk Rating for End of Year:

▲

**NI120(ii) All-age all cause mortality rate (males)**



**Note: Smaller is better. Best authority in England is the Isles of Scilly.**

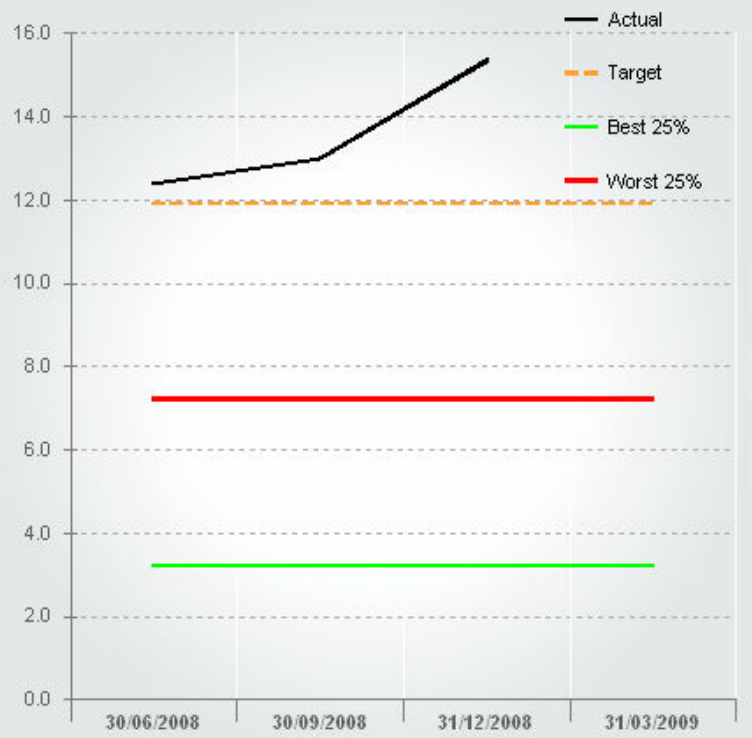
Measure:	LAA NI120(ii) All-age all cause mortality rate (males)
Lead:	Watson, Deb
Period:	Dec 2008
Overall performance assessment:	The current rate for AAACM in MALES in Leicester City is 850.1 (2005-2007), slightly worse than the target of 839 (2006 target). If performance continues at the current trend, then the forecast for 2009 (2008-2010) is estimated at 823 against a target of 741.
Risk assessment & future prospects:	Risk: ON TARGET for current data year (2005-2007), NOT ON TARGET FOR data relating to 2008-10
Actions undertaken to improve performance:	Monthly Performance Management meetings to monitor performance held with Directors and Corporate Performance Team.
Future actions to improve performance:	Workstreams include: Work relating to improving mortality rates including managing CVD risk factors, targeted lifestyle programmes, CVD risk screening in pharmacies, smoking cessation services and partnership working with other agencies through LAA agreement
Corporate Performance Board Comments:	

		Jun 2008	Sep 2008	Dec 2008	Mar 2009
LAA NI120(ii) All-age all cause mortality rate (males)	Actual	850.12	850.12	850.12	
	Target	839.00	839.00	839.00	741.00
	Var % Targt	●	●	●	—

Overall Risk Rating for End of Year:

▲

**NI131 Delayed transfers of care**



**Note: Smaller is better. Best authority in England is North Somerset.**

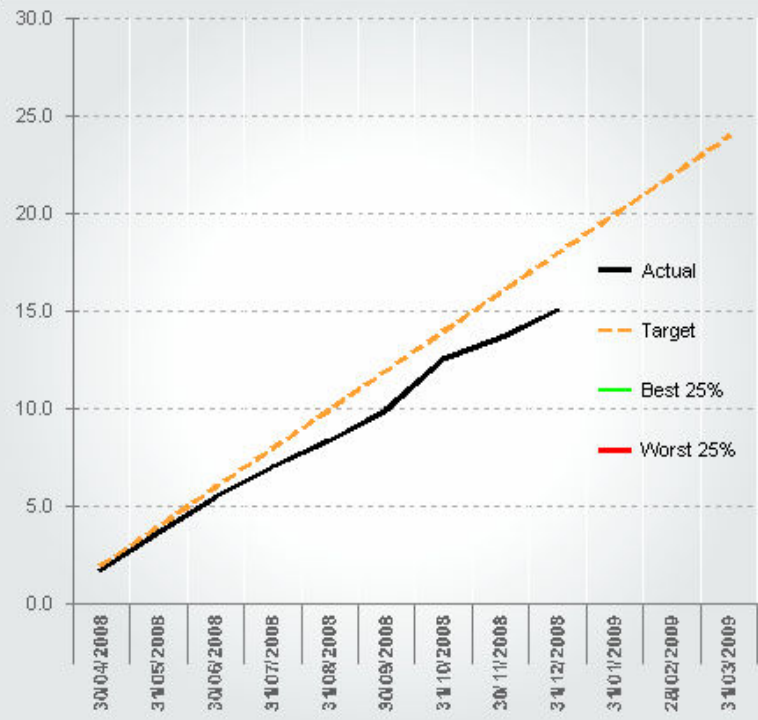
Measure:	LAA NI131 Delayed transfers of care
Lead:	Dave, Bhupen
Period:	Dec 2008
Overall performance assessment:	Performance in acute settings is above target but non-acute settings is well below. Delayed Transfers of Care (DTC) group interrogate performance & agree actions to improve. Target needs review via refresh process due to uncertainty about a reasonable baseline.
Risk assessment & future prospects:	High risk of not achieving target; H&WPB commissioned analysis of reasons for delayed discharges so that appropriate resources can be targeted. Council's direct contribution to performance is positive with virtually no delays attributable, but the leadership role remains a key
Actions undertaken to improve performance:	H&WPB has scrutinised this issue & noted priorities for improvement in line with a refreshed target for 09/10; Review of DTC membership & functions; priorities agreed include: data set for common use; identifying deviation from achievement of related targets; multi-agency actions to
Future actions to improve performance:	Review & communicate definition of delayed transfer; review process for placements & current routes for patients from County beds to City; explore solutions for patients with plaster of paris casts; promote early discussions with patients/clients re "choice"; equipment issues to be resolved
Corporate Performance Board Comments:	Urge colleagues in the health community to accelerate responses (e.g. approaches to patients with Plaster of Paris casts)

		Jun 2008	Sep 2008	Dec 2008	Mar 2009
+ LAA NI131 Delayed transfers of care	Actual	12.40	13.00	15.35	
	Target	11.90	11.90	11.90	11.90
	Var % Target	●	●	▲	—

Overall Risk Rating for End of Year:

▲

**NI135 Carers receiving needs assessment or review & a specific carer's service, or advice & info**



**Note: Bigger is better (Cumulative over the year). Best authority in England is Rutland.**

**Measure:** LAA NI135 Carers receiving needs assessment or review & specific carers service or advice & inf.

**Lead:** Dave, Bhupen

**Period:** Dec 2008

**Overall performance assessment:** Unlikely to meet target; teams that historically recorded high numbers of assessments have seen a drop; % of carer's assess. recorded that are completed jointly with the su assessment has dropped (possible under-recording); staff vacancies; backlog of 67 assessments to be entered on Carefirst .

**Risk assessment & future prospects:** Data entry remains a risk; improved recording might have impact; Carers' Personal Budgets scheme, which drives a proportion of carer assessments, experiences most of its demand in the earlier part of the year; Action described below should have greater impact for the full year 09/10.

**Actions undertaken to improve performance:** Continuing programme of training & advice relating to Carefirst that targets under-recording & data quality issues; teams that are historically significant contributors with lower performance this year, managers have been contacted about the issues & teams have been offered extra training.

**Future actions to improve performance:** Continue to improve data entry; create easier ways of recording; note apparent drop in joint assessments; promote uptake of carers' assessments via user reviews & specialist working; review financial capacity of the Carers' Personal Budgets scheme to provide incentive to take up the offer of assessment.

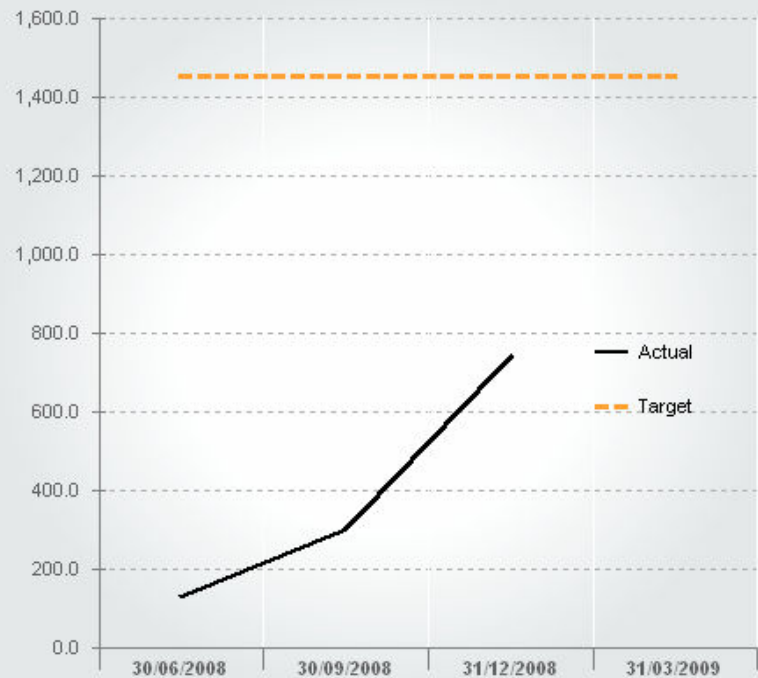
**Corporate Performance Board Comments:** Set targets for the recording of data onto Carefirst for individual managers. Explore how improvements in Childrens' Social Care can be applied to the Adult sector.

		Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
LAA NI135 Carers receiving needs assessment or review & specific carers service or advice & inf.	Actual	1.8	3.7	5.5	7.1	8.4	10.0	12.6	13.7	15.1			
	Target	2.0	4.0	6.0	8.0	10.0	12.0	14.0	16.0	18.0	20.0	22.0	24.0
	Var % Targt	●	●	●	▲	▲	▲	▲	▲	▲	?	-	-

Overall Risk Rating for End of Year:

▲

**NI154 Net additional homes provided**



**Note: Bigger is better. Best authority in England is Kent County Council.**

Measure:	LAA NI154 Net additional homes provided
Lead:	Richardson, Mike
Period:	Dec 2008
Overall performance assessment:	Currently only 740 completions achieved by 2008/09 with year end estimate of 850 homes.
Risk assessment & future prospects:	The target of 1450 homes will not be achieved due to the major slowdown in house building activity because of current economic downturn.
Actions undertaken to improve performance:	Grant funding has been secured to support housing delivery, in addition funding for affordable housing is also being provided from the New Growth point initiative and improved infrastructure planning through new Programme Board and Community Infrastructure work
Future actions to improve performance:	As above in addition the council and its partners working closely with ATLAS the government (CLG) sponsored agency to bring forward large development sites. (Additional information can be found in 3rd quarter commentary on P+)
Corporate Performance Board Comments:	The Council's Recession report (currently being drafted) will deal with possible actions to mitigate the effects of the economic downturn

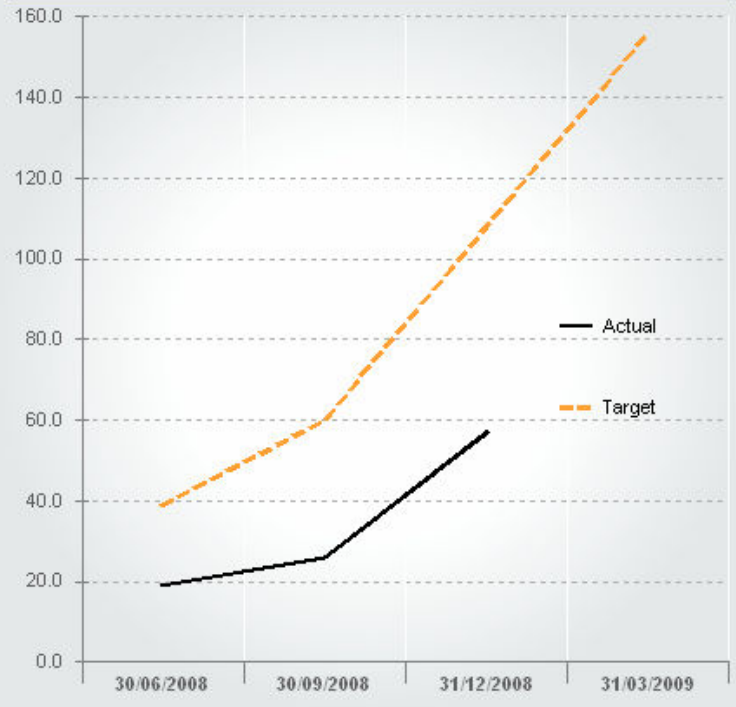
		Jun 2008	Sep 2008	Dec 2008	Mar 2009
LAA NI154 Net additional homes provided	Actual	130.0	300.0	740.0	
	Target	1450.0	1450.0	1450.0	1450.0
	Var % Target	▲	▲	▲	—

Overall Risk Rating for End of Year:

▲



**NI155i Number of affordable homes (social rented) delivered**



**Note: Bigger is better. Best authority in England is Hampshire.**

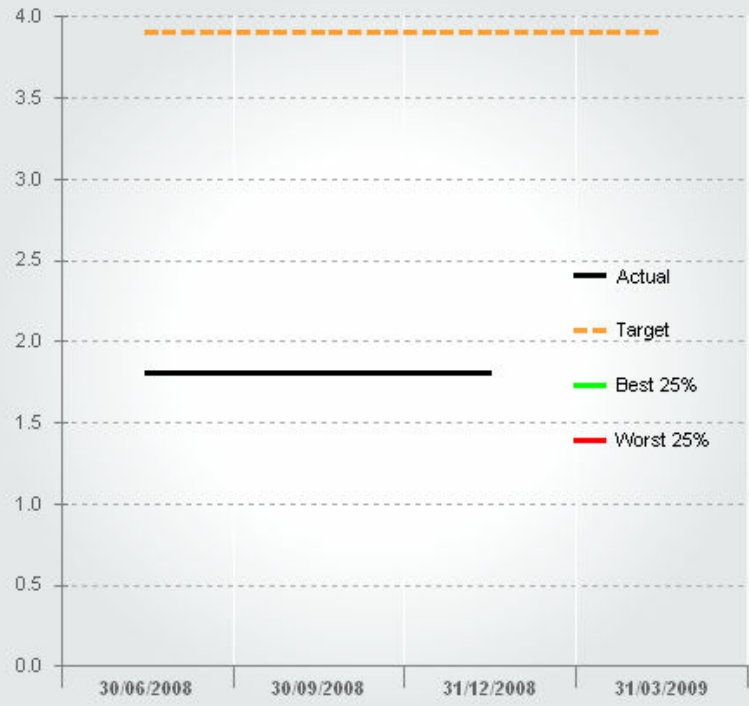
Measure:	LAA NI155i Number of affordable homes (SOCIAL RENTED) delivered
Lead:	Keeling, Julia
Period:	Dec 2008
Overall performance assessment:	We will not meet the target due to the economic downturn. We are mitigating this by working with RSLs to purchase properties using Govt investment through the Homes & Communities Agency (HCA). To date 16 units have been purchased, & our forecast is for 74 completions this year
Risk assessment & future prospects:	Housing development has a long lead in period. We expect to meet the overall 5-year target with delivery over the next 4 years. Half the units contributing to the target are secured already & half are in proposed schemes which officers are working on with HCA
Actions undertaken to improve performance:	RSLs are currently negotiating with developers to purchase more newly completed properties and existing properties for sale.
Future actions to improve performance:	We will carry on working with RSLs to maximise use of Government funds available and explore all opportunities, eg acquisitions, refurbishing existing properties & new developments. New development however has a long lead in period with completions 2 to 3 years after inception.
Corporate Performance Board Comments:	Continue work with Homes and Communities Agency, and consider capturing data for NI 155ii (Intermediate Housing)

		Jun 2008	Sep 2008	Dec 2008	Mar 2009
LAA NI155i Number of affordable homes (SOCIAL RENTED) delivered	Actual	19.0	26.0	57.0	
	Target	39.0	60.0	108.0	156.0
	Var % Targt	▲	▲	▲	—

Overall Risk Rating for End of Year:

▲

**NI186 Per capita reduction in CO2 emissions**



**Note: Bigger is better**

Measure:	LAA NI186 Per capita reduction in CO2 emissions in the LA area
Lead:	Dodd, Anna
Period:	Dec 2008
Overall performance assessment:	Figures for 2006 have been released by DEFRA, we are ahead of the target of 6.97 however, while we are ahead of the target on actual emissions, we are behind on the % reduction.
Risk assessment & future prospects:	Work is progressing on this indicator and Work Programmes for the three main emission sectors - Commercial/Industrial, Domestic and Transport, have been developed to scope out major actions to reduce citywide emissions
Actions undertaken to improve performance:	
Future actions to improve performance:	
Corporate Performance Board Comments:	The latest EMAS auditors report recommendations on reducing CO2 emissions to be considered.

		Jun 2008	Sep 2008	Dec 2008	Mar 2009
LAA NI186 Per capita reduction in CO2 emissions in the LA area	Actual	1.8	1.8	1.8	
	Target	3.9	3.9	3.9	3.9
	Var % Target	▲	▲	▲	—

Overall Risk Rating for End of Year:

▲

## Appendix Three

### National Indicators not in the LAA, but performing significantly below target in 3<sup>rd</sup> Quarter

	Actual (YTD)	Target (YTD)	Var % Target (YTD)	Overall performance assessment:	Risk assessment & future prospects:	Actions undertaken to improve performance:	Future actions to improve performance:
NI042 Perceptions of drug use or drug dealing as a problem	40.8	37.0	10.3	<b>Overall performance assessment:</b> Awaiting Place Survey results.	<b>Risk assessment &amp; future prospects:</b> Public perception. Sample error of survey.	<b>Actions undertaken to improve performance:</b> Treatment Plan. Reducing Supply Strategy.	<b>Future actions to improve performance:</b> Communication Strategy. Pioneer area for community justice.
NI043 Young people within YJS receiving a conviction in court who are sentenced to custody	7.1	5.7	24.6	<b>Overall performance assessment:</b> There is a recent increase in custodial sentencing which is against the target for reduction.	<b>Risk assessment &amp; future prospects:</b> There is a concern that a rise in actual numbers of custodial sentences combined with a reduction in all outcomes will lead to a further increase in the proportion of custodial sentences	<b>Actions undertaken to improve performance:</b> The YOS have recently set up a working group to consider the reasons behind the increase in custodial sentencing, and short sentences (4 months or less) in particular.	<b>Future actions to improve performance:</b> To promote the appropriate use of community sentence alternatives to custody within the context of the new 'scaled approach' to sentencing.
NI053i % of infants being breastfed at 6-8 weeks (breastfeeding prevalence)	23.9	40.8	-41.4			<b>Actions undertaken to improve performance:</b> Work to promote breastfeeding is supported by both the PCT and the Council (e.g. Sure Start children's centres).	
NI053ii % of infants for whom breastfeeding status is recorded (breastfeeding coverage)	43.6	85.0	-48.7	<b>Overall performance assessment:</b> Work to promote breastfeeding is supported by both the PCT and the Council (e.g. Sure Start children's centres).			
NI061	62.0	85.0	-27.1	<b>Overall performance</b>	<b>Risk assessment &amp; future</b>		

Timeliness and stability of adoption of looked after children				<b>assessment:</b> The authority's recent performance has been consistent and broadly in line with the comparator average. This indicator is cumulative throughout the year and should increase nearer to the year-end. It also includes Special Guardianship Orders. The cohort is tracked through the Permanence Panel.	<b>prospects:</b> Good		
NI068 Percentage of referrals to children's social care going on to initial assessment	61.0	70.0	-12.9	<b>Overall performance assessment:</b> We are likely to meet our target in 2008-09. Considerable work has been carried out to ensure the accuracy of data in this area. It seems likely that a figure of approximately 65-70% lies within the 'ideal' median band for performance in this category. This means that Agencies have a good overall understanding of our thresholds and that most referrals from them are appropriate.	<b>Risk assessment &amp; future prospects:</b> We would expect that as CAF and Integrated Service Hubs come on line that the overall ratio of appropriate referrals to Social Care will rise and therefore the % of Initial Assessments arising from those referrals.		
NI088 Percentage of schools providing access to extended services	55.5	90.0	-38.3	<b>Overall performance assessment:</b> The position on 30 September 2008, was that 90% of schools in Leicester were offering or sign posting to meet the core offer for Extended Services. We will continue to work with these schools to maintain this position and offer support to the remaining schools to help them to reach a point of full delivery of the core offer.	<b>Risk assessment &amp; future prospects:</b> The final school will be supported to provide better evidence of its Extended Services by the LA Extended Services Development Officer. From April 09 the LA intends to have Cluster Coordinators operating across the city ensuring joined up working and measurement of the impact of our services		<b>Future actions to improve performance:</b> It is expected that all schools will be delivering/signposting the full core offer by March 2009 through working in partnership with other schools and agencies, including voluntary and private organisations. With just one exception all Leicester schools are confirmed as making or signposting the Core Offer of Extended Services. This is as a result of support from the Extended Services team and clarification around what each school is providing
NI113i % of resident	8.6	17.0	-49.4	<b>Overall performance assessment:</b> There has been a dramatic increase in the numbers	<b>Risk assessment &amp; future prospects:</b> It remains difficult to get young people to return or take	<b>Actions undertaken to improve performance:</b> Increased numbers of young peoples events	

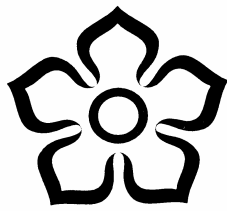
population aged 15-24 accepting a test/screen for chlamydia				of young people who have been screened in qtr 3 of the screening programme . General practitioners across Leicester are actively offering Chlamydia screening . Chlamydia Screening is also being offered when the HPV vaccination is being under taken.	Chlamydia screening tests . There is a social marketing approach planned within Leicester using young peoples' approaches to media. It is expected that this target will be achieved .	promoting Chlamydia screening are planned in Feb and March 09 Social marketing and website to be launched in next 2 weeks Postal Chlamydia screening kits available Pharmacy screening to be instigated in next 2 months.	
NI132 Timeliness of social care assessment (all adults)	63.4	72.7	-12.8				
NI139 > 65s receive inf., assistance & support to exercise choice & control to live independently	44.0	55.0	-20.0	<b>Overall performance assessment:</b> Proxy from survey for clients in receipt of A.T.;Prior to receipt of any equipment 9% claimed they felt independent & 13% said they felt in control of their daily lives.3 mths later, with AT equipment in place, 44% felt independent and 40% said they were in control. Majority of respondents 65+			
NI145 Adults with learning disabilities in settled accommodation	28.6	64.2	-55.5	<b>Overall performance assessment:</b> Steady Increase due to the development of supported living arrangements as alternative to resi. care.Challenges;limited availability accommodation; people living in resi. care awaiting a move to settled accommodation; Not all SU's will be reviewed by year end, so cannot be counted towards PI.	<b>Risk assessment &amp; future prospects:</b> The end of year target will not be achieved. The anticipated end of year outcome is 50% against a target of 62.4%.	<b>Actions undertaken to improve performance:</b> Work continues to identify appropriate settled accommodation for people currently living in residential care. 6 people have moved to settled accommodation during the quarter. Further moves are due to take place during the 4th quarter.	<b>Future actions to improve performance:</b> Improve data collection;increase number of reviews;communicate requirements to teams;Develop strategic approach to appropriate housing; partnership working across the Council;new housing schemes being developed with capital grants from the NHS;Secure more housing resources for people with LD.
NI146 Adults with learning disabilities in employment	2.6	6.8	-61.8	<b>Overall performance assessment:</b> People with LD who have an Assessment are applying for jobs in a competitive market;33 who have had an interview have not been successful; 18 supported into employment are excluded as	<b>Risk assessment &amp; future prospects:</b> Target will not be achieved due to economic climate & high levels of unemployment in the city;. Of the 53 people who have been supported into employment, all will have been	<b>Actions undertaken to improve performance:</b> Partnership working with the WNPB;Soft outcomes, been measured for individuals; 30 are actively looking for work & 15 are undertaking Adult Learning to improve life skills	<b>Future actions to improve performance:</b> A business case is being written for funding from the Working Neighbourhood Fund Programme Board to support people with learning disabled people into employment.

				they are no longer in receipt of statutory services;people supported to secure a second job cannot be counted	reviewed by year end. The anticipated end of year outcome is 5.7%, against a target of 11.3%.	to aid employment:delivering more person centred services with a view to enabling individuals onto the pathway into employment.	
NI148 Care leavers in education, employment or training	60.0	80.0	-25.0				
NI149 Adults in contact with secondary mental health services in settled accommodation	51.6	81.0	-36.3	<b>Overall performance assessment:</b> Leicestershire Partnership NHS Trust (LPT) provide the base line data figures reported. We have been advised there has been under reporting which explains the targets not being met this quarter. LPT are confident that full reporting will be achieved for the year end & that the targets will be met.			
NI150 Adults receiving secondary mental health services in employment	9.2	14.0	-34.3	<b>Overall performance assessment:</b> Leicestershire Partnership NHS Trust (LPT) provide the base line data figures reported. We have been advised there has been under reporting which explains the targets not being met this quarter. LPT are confident that full reporting will be achieved for the year end & that the targets will be met.			
NI155 Number of affordable homes delivered (gross)	92.0	140.0	-34.3	<b>Overall performance assessment:</b> The target for the year will not be achieved because of the market downturn which has affected the number of affordable housing units that would have been part of Section 106 agreements with developers. The impact has been mitigated by Gov investment through the Homes And Communities Agency for RSL's to acquire unsold market properties. The target was 156 and the	<b>Risk assessment &amp; future prospects:</b> The councils commitment to delivering the 'One Leicester' 25 year vision is to deliver 992 new affordable homes by 2013. Our current prediction is that the target is still achievable but partly relies and the recovery of the private housing market. Our outputs in the next 2 years will be arising from HRA disposals, building on RSL's own land and the BUSM site, and		

				prediction is for 74.	continuing Govt investment in the acquisition of existing market stock.		
NI181 Time taken to process Housing Benefit/Council Tax Benefit new claims & change events	24.1	14.8	62.7	<p><b>Overall performance assessment:</b> The original target of 14.8 days was based on what was assumed to be an achievable level of performance and calculated on information that was available at the time. This target was too optimistic because of the under estimation of the amount of work that has been generated as a consequence of the national economic slow down. The service has been reviewed and additional staffing resources have been approved but there will be a time lag before these extra resources can become effective (staff training etc).As a result the year-end forecast has been downgraded to 23 days as it will not be until 2009/10 that these extra staffing resources will have a significant influence on the reduction of processing times.</p>			
NI195b Street and environmental cleanliness (detritus)	15.0	10.0	50.0	<p><b>Overall performance assessment:</b> The indices are measured across all the wards, including separately the city centre. W shall look at the individual scores for each ward to see if there are any particular ones that regularly reduce the overall PI result. If there are particular wards that regularly bring the average down it may be a question of identifying firstly any operational performance issues and secondly any required additional resource to improve the score" This applies to b,c,dFor NI 195 b (detritus), 195 c (graffiti) &amp; 195 d ( flyposting) these were always challenging targets, as these were set as aspirational targets.</p>			

<p>NI195c Street and environmental cleanliness (graffiti)</p>	<p>13.0</p>	<p>5.0</p>	<p>160.0</p>	<p>For NI 195 b (detritus), 195 c (graffiti) &amp; 195 d (flyposting) these were always challenging targets. Of the 3, graffiti seems to be a particular issue especially as qtr3 results includes Parks where it is very prevalent. Feedback from my Area Managers is that a lot of the recorded instances are on private property, where despite our current offer to remove at subsidised rates (or free in some cases) the property owners decline on the basis that it will only return. A bid was submitted for additional funding for graffiti removal and also for Parks security measures to help address these problems. However these did not make it through in the final budget.</p>			
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Leicester  
City Council

**WARDS AFFECTED  
ALL WARDS (CORPORATE ISSUE)**

**CABINET  
COUNCIL**

**9<sup>th</sup> March 2009  
26<sup>th</sup> March 2009**

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**UPDATE OF FINANCE PROCEDURE RULES**

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**REPORT OF THE CHIEF FINANCE OFFICER**

**1. PURPOSE OF REPORT**

- 1.1 This report informs members of a revised version of Finance Procedure Rules that, subject to approval, will become operative from 1<sup>st</sup> April 2009.

**2. SUMMARY**

- 2.1 Finance Procedure Rules (FPRs) exist to regulate the way in which the Council manages its financial affairs. This is a necessary discipline in any large organisation and particularly in the public sector where there are expectations for the proper use and management of public money. Under the 1972 Local Government Act, the Council has a specific statutory responsibility, through the Chief Finance Officer (CFO), for the “.....proper administration of its financial affairs.”
- 2.2 Essentially these rules set out the framework of responsibilities and requirements across the whole range of the Council’s financial affairs. It is important that they are understood and adhered to and so this revision attempts to improve their user friendliness. In addition, with the passage of time, procedures can become out of date and this revision addresses some of the key issues that have and are affecting the Council.
- 2.3 Principal amongst the key issues that this update of FPRs addresses is the changing roles of Service Directors in the new structures that are being developed, particularly in regard to budgetary responsibilities which are changing under the Delivering Excellence model. The recommendations made below include the virement limits that will apply to Service and Strategic Directors and to Cabinet. Training will be provided for all appropriate staff in order to ensure that they are equipped for their roles.
- 2.4 In order to make FPRs more user friendly, and therefore more effective, the key types of user have been identified and the procedures have been referenced to help each type to identify their main areas of responsibility.

- 2.5 For the more occasional user a series of Frequently Asked Questions (FAQs) have been included on the most common areas of interest. These reflect the detail of FPRs but in an easier to read format.
- 2.6 FPRs have also been revised in order to reflect, amongst other things;
- Virement limits for revenue and capital expenditure, previously detailed in the schedule of determinations,
  - changes that have occurred with Contract Procedure Rules (CPRs) – previously there was a degree of overlap between FPRs and CPRs and this has now been removed in conjunction with the newly designated “Approved Procurement Officer” role,
  - reference to a corporate Income Generation Strategy – yet to be devised – which will provide a framework for reviewing charging policies in the future,
  - the impact of new technology, particularly in relation to payment processes,
  - a re-ordering of procedures for maintenance of asset registers and inventories, reflecting the role that the latter has in supporting the former, and the link to risk management procedures,
  - the importance of the Cost Centre Manager (CCM) role in effective budget management and the training required to support that role,
  - the inclusion of Area Based Grant funding together with some additional clarification in general budget and trading organisation processes. Also the requirement for relevant performance measures to be included alongside budget monitoring information.
  - changes in the Accounts and Audit Regulations and CIPFA codes of practice relating to the provision of an internal audit service.
- 2.7 Further changes to FPRs will be required following the introduction of the new Resource Management System in April 2009. Once the system is embedded and the necessary changes determined, a further revision of FPRs will be brought back to Council for approval.
- 2.8 Subject to approval, the revised FPRs will be promulgated to all Council employees and training sessions will be organised.

### 3. **RECOMMENDATIONS**

#### 3.1 Cabinet is asked to:-

- a) agree proposed changes to FPRs at appendix A and submit to Council;
- b) note that virement limits are unchanged except for a new provision that Strategic Directors can vire up to £0.5m acting collegiately;
- c) agree controllable budget lines shown at appendix B and ask Council to approve them.

#### 3.2 Council is asked to:-

- a) approve the proposed changes to FPRs shown at appendix A;
- b) approve the controllable budget lines shown at appendix B.

### 4. **FINANCIAL, LEGAL AND OTHER IMPLICATIONS**

**Financial Implications** - This report details proposed changes to the current Finance Procedure Rules of the Council.

**Legal Implications** – Finance Procedure Rules for the provision of an Internal Audit service reflect changes in legislation that have occurred.

OTHER IMPLICATIONS	YES/NO	Paragraph References
Equal Opportunities	No	
Policy	Yes	Various
Sustainable and Environmental	No	
Crime and Disorder	No	
Human Rights Act	No	
Elderly and People on Low Incomes	No	

## 5. **CONSULTATIONS**

Heads of Finance have been circulated with the Frequently Asked Questions section of the proposed changes and where appropriate any suggested changes have been incorporated. The Internal Audit Section have provided comprehensive comments on the whole document. Corporate and Service Directors have agreed to the revised FPRs as submitted.

### **REPORT AUTHOR/OFFICER TO CONTACT**

Jon King  
Accountancy Services  
Extn. 297433

<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)



# Appendix A

## PART 4F: FINANCE PROCEDURE RULES

Officers must ensure compliance with these Finance Procedure Rules at all times. Breach may open the Council, or even the officer, to legal challenge, and may well be a disciplinary matter. If any officer does become aware of an inappropriate breach they should report the matter, either direct or via their manager, to the Chief Finance Officer. The report will be dealt with in complete confidence, if requested.

# Finance Procedure Rules

## A. Introduction and Guide

1. Finance Procedure Rules (FPRs) exist to regulate the way in which the Council manages its financial affairs. This is a necessary discipline in any large organisation and particularly in the public sector where there are expectations for the proper use and management of public money. Under the 1972 Local Government Act, the Council has a specific statutory responsibility, through the Chief Finance Officer (CFO), for the “.....proper administration of its financial affairs.”
2. Essentially these rules set out the framework of responsibilities and requirements across the whole range of the Council’s financial affairs and in doing so their content inevitably covers a range of audiences of Council employees. In addition to those that relate to the CFO, responsibilities can be broadly split into three main groups;
  - Strategic and Service Directors (A)
  - Corporate and service finance staff (B)
  - Cost Centre Managers (CCMs) and other non-finance employees ( C )
3. To help users of these rules find the sections most relevant to their responsibilities the detailed FPRs in section C are marked to show which rules relate to which broad group of employees.
4. Whilst all employees, at whatever level in the Council, should be aware of FPRs, category A and B employees should have a fairly good knowledge of the detail. Category C employees will probably need to consult FPRs less often. For this reason a series of Frequently Asked Question (FAQ) sheets have been compiled to provide a quick way of understanding what FPRs really mean in the most common areas of finance. These appear in section B.
5. The rules cover a number of areas and these are listed in the index at the start of section C.
6. The Chief Finance Officer is, for the purposes of Section 151 of the Local Government Act 1972, the ‘designated officer’ responsible for the proper administration of the Council’s financial affairs.
7. Within these rules, the term Strategic Director includes the Chief Executive.
8. These Finance Procedure Rules must be adhered to at all times. All Directors are accountable to the Chief Finance Officer for compliance with these Rules. The Chief Finance Officer is, in turn, accountable to the Council. All Officers with delegated responsibility for undertaking

**Officers must ensure compliance with these Finance Procedure Rules at all times. Breach may open the Council, or even the officer, to legal challenge, and may well be a disciplinary matter. If any officer does become aware of an inappropriate breach they should report the matter, either direct or via their manager, to the Chief Finance Officer. The report will be dealt with in complete confidence, if requested.**

financial duties are accountable to their Service Director for compliance with these Rules.

9. Any waiver of the application of these Rules must be approved by the Cabinet or by the Chief Finance Officer in consultation with the relevant Cabinet member(s). Decisions made by the Chief Finance Officer shall be reported to the Cabinet for information.
10. Should a material unauthorised breach of these Rules come to light then it must be reported immediately to the Chief Finance Officer.
11. These Rules assign responsibilities to Directors and to the Chief Finance Officer, and generally do not assign responsibilities to individual nominated postholders (except, occasionally, where it is helpful to do so). The Chief Finance Officer and Directors may delegate responsibilities assigned to them under these Rules. In particular, the Chief Finance Officer may delegate responsibilities to Heads of Finance in service areas. Heads of Finance are accountable to the Chief Finance Officer for the exercise of responsibilities delegated by him/her.
12. Reference in these Rules to “Scrutiny / Select Committee” or “the relevant Scrutiny / Select Committee” means the appropriate Scrutiny Committee as determined by the Chief Finance Officer in consultation with such Members as he believes appropriate. Where consideration by a specific Scrutiny / Select Committee is required under these Rules, this is mentioned by name within the Rules.
13. For the purpose of these Rules, whenever a matter is referred to a Scrutiny / Select Committee for consideration that Committee may resolve to refer the matter to Cabinet for a decision. Such referral may contain such recommendations as the Scrutiny / Select Committee sees fit.
14. Reference (**in bold letters in the right hand column**) is made in these rules to Finance Procedure Notes (FPNs). These are produced and amended/updated as required and provide more detailed instructions and guidance for staff on the subject matter. An updated list and archive of all FPNs is maintained within the Corporate Accountancy Section.
15. Service Directors have delegated financial responsibility in respect of their services. Whilst FPRs reflect this there is a separate code of practice for Devolved Financial Management which sets out roles and responsibilities for the CFO, Directors and Heads Of Finance. It also covers areas of potential overlap, personnel matters, committee attendance and reporting and finance training. Directors and Heads Of Finance should become familiar with the code of practice and follow the protocols as directed.

**Mark Noble**  
**Chief Finance Officer**

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## *B. Frequently Asked Questions (FAQs)*

1. Buying goods and services and paying invoices
2. Petty cash and imprest floats and cash advances
3. Staff pay and allowances
4. Money due to the Council
5. Stocks and stores
6. Revenue budgets
7. Capital programme and projects
8. Internal Audit and investigations



## **FAQ 1. - Buying goods and services and paying invoices**

**KEY POINT: All purchases for the Council should be properly authorised, in advance of an official order being placed, made with approved suppliers to demonstrate that value for money has been obtained, and comply with all relevant legislative requirements (including EU regulations). Payments for goods and services should relate to the original order and be made with a properly certified and checked invoice.**

### **1. Where do I start?**

- If you are an Approved Procuring Officer you will need to follow specific guidance contained within Contract Procedure Rules for any purchases where competition requirements have not already been met. If you are not an Approved Procuring Officer you can only purchase things from a number of specific suppliers including in-house provision, Leicester City Council call off contracts and ESPO arrangements.

See link <http://insite.council.leicester.gov.uk/resources-department/financial-services/corporate-procurement-support-and-income-ser/the-procurement-team/current-contracts-and-authorised-suppliers>

### **2. Do I need permission to buy?**

- If you are not a cost centre manager (budget holder) you'll need to get approval from the relevant person (who, in most cases, will be your line manager – they will know whether there's enough budget left to meet the cost) before you purchase.

### **3. Can I buy from where-ever I like?**

- No. The Council needs to ensure that whenever it buys goods, it obtains value for money. For this reason you can only buy from the sources listed under question one above or, if you are an Approved Procuring Officer, under other competitive arrangements. The Council is part of the Eastern Shires Purchasing Organisation (ESPO). They are able to purchase in bulk and so obtain discounts on a whole range of goods. You'll need to access their catalogue which you can do on-line. As well as ESPO the Council has a number of central and departmental contracts arranged with suppliers for some services. These have been tendered for in competition. You should be able to access these through the procurement link. If none of the above provide the supplies you want then an Approved Procuring Officer will need to look at alternative suppliers in accordance with Contract Procedure Rules.

### **4. What if I can get the same item cheaper from another supplier?**

- You still have to use ESPO or the approved Council supplier. By everyone using the approved suppliers we make sure that our volumes are as high as they can be and that helps us to get even better prices. You should report the price, the product and the supplier to the Corporate Procurement Team (e-mail them at [procurement@leicester.gov.uk](mailto:procurement@leicester.gov.uk)). They will make sure ESPO or our

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contracted supplier know about it and that they are getting the best deal for the Council. They can also check that the supplier is trading ethically.

**5. *If I'm only buying something inexpensive do I really have to go through this process?***

- It depends. If you are only buying small items, (e.g. £15 or less) and on a one-off basis, then if you can get them from a local shop you may be able to access a petty cash or imprest system (Your local/nearest admin officer should be able to advise). The key point is that this should be quicker and more efficient than using the official ordering system. You must obtain a VAT receipt when you make such purchases.

**6. *Do I need to raise an order?***

- Generally speaking yes, but there are some exceptions. For services that are invoiced regularly by the supplier (e.g. telephones, electricity) then payments are normally controlled by the central co-ordinating officer for the Council. If you make payments through petty cash (see separate FAQ page) you won't raise orders. Payments where formal contract certificates are raised do not require separate orders to be made.

**7. *How do I raise an order?***

- Unless the order is being raised by your purchasing section you need to get hold of a purchase requisition form. Normally your local admin team will keep a supply. You'll need to include all the details of your purchase like the size, weight, quality, catalogue reference number, quantity etc. etc., and the price. You'll also need to include the cost centre (a six digit numeric reference) and a subjective code (a four digit alpha/numeric reference) so that the cost is properly charged to the accounts. You'll need to have your requisition signed by an authorised officer. Again, your admin team will tell you who is authorised. When you've completed the purchase requisition form you'll need to send it to the departmental / central exchequer team who will raise and despatch the purchase order for you.

**8. *What about urgent orders where I don't have time to raise an order?***

- You can contact the supplier directly by phone to get the order started but you'll still need to raise an order to confirm that the purchase is official. If you use this system frequently your departmental / central exchequer team will probably want to check that you are not abusing it.

**9. *How do pay for travel and other expenses I incur as part of my job?***

- If you use your car for Council business you need to submit a signed record for any mileage you want to claim. Your manager or supervisor should authorise any journeys you need to make **before** you make them. Payments will be made to your bank

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account through the payroll system. Refer to **HR for everyone/managers** page on **Insite** (click on **staff handbook** and then click on **HR** for detailed guidance on how to make claims.

- For bus travel you will need to keep your tickets and submit them as an expense claim. Again your manager or supervisor should authorise your journeys first and your admin team will tell you how to make a claim.
- For rail travel you can obtain a travel warrant (this enables you to get a ticket at the station without having to pay) from the Cash Management Section (extension 297489) but you'll need to plan this as a form has to be completed and signed. You may have other departmental arrangements – again your admin team can advise you.
- Expense systems are gradually becoming automated across the Council using “My View”. See FAQ on staff pay and allowances.

#### 10. ***How do I process payments?***

- You should only make payments after receiving an invoice or contract certificate both of which should be VAT compliant (check with your departmental / central exchequer team if you're not sure what this involves) and only then if you are satisfied that the goods or services you've ordered have been received.
- Invoices or contract certificates should be checked to make sure that they match up with the original order (unless they are for a continuous supply, like a telephone invoice or gas bill) and that they are correctly calculated. They must be signed by a certifying officer (normally this will be your line manager) who will want to be satisfied that the invoice is properly payable under the terms of the order or the contract (including regular supplies like gas and electricity).

## **FAQ 2 - Petty Cash floats & Imprest accounts and Cash Advances**

**KEY POINT: Arrangements for buying goods and services on behalf of the Council should mean that you don't need to use petty cash floats or imprest accounts or cash advances other than in exceptional circumstances. For that reason the number and use of them should be kept to a minimum.**

### ***1. What is a petty cash float / imprest account.***

- A small amount of money held to meet minor payments made on behalf of the Council. Petty cash floats are held in cash, imprest accounts are bank accounts.

### ***2. Can anyone have a petty cash float or imprest account?***

- It depends. If you think you need one for doing your job, or helping your staff to do theirs, you should contact your departmental finance section. They will know who already has one in your department and you may find there is already a float held nearby which you can use when necessary. Otherwise you will need to explain what you would use an account for and your departmental finance section will decide whether you really need one.

### ***3. What's involved in keeping a petty cash float or imprest account?***

- Each petty cash float or imprest account must be under the control of someone who has been nominated as the holder. This will be determined by your departmental finance section. The holder must make sure the account is used correctly and that any monies or cheques held are properly handed over to another council employee during periods of absence and or kept securely.
- The account holder will have to sign a receipt when they first receive their cash sum or bank balance. Each year the holder will also be asked to complete a certificate which will also be signed by an "authorised officer" to confirm they still hold the sum / balance.
- The account holder will keep a record of all payments made and needs to make sure that VAT receipts are obtained from the people spending the money. Each payment should be supported by a voucher, signed by an authorised officer, and by the person receiving the money.
- When the account needs topping up, which should be done regularly (as a rough guide at least once a month – any less frequent and this would suggest the amount of the account is too large), then the holder needs to complete a summary of payments made on a standard form. The account holder should count any cash held / bank account balance, add this to the value of payments made and balance back to the account total. The form needs to be

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checked and signed by an “authorised officer” and then taken to the Cash Office at Welford House. You can get further advice on this matter from your local admin or finance team.

- Petty cash floats should be kept in a lockable box and when not in use the box should be kept in a secure place (e.g. a lockable cupboard or safe). Unless responsibility has been properly passed onto another officer, only the holder should have access.
- Whether petty cash floats are held in a safe or locked cupboard these should meet insurance requirements, both for the amounts held and key security arrangements. You can get more advice on this from Risk Management Services.
- When a float / account is no longer needed then the holder will hand over any cash, receipts and the payments record to an “authorised officer” for checking. Until and unless this is done the holder remains responsible for the petty cash float / imprest account.

#### **4. What can I use the account for?**

- The costs of items needed for Council purposes. Only small transactions (i.e. £15 or under) should be paid for from the float / account and then only when using the normal ordering system would be too slow and less efficient to use.
- Floats / accounts must not be used for paying for staff travelling, subsistence or training expenses. There are special payments systems for these which your local admin team can advise you of.
- The account holder must not pay any Council income received, into the account.
- The account should never be used for anything other than legitimate City Council business. It should never be mixed with your or anyone else’s personal money or with other un-official funds held like a tea/coffee fund, lottery money or charity collections.

#### **5. What is a cash advance?**

- A cash advance is a short term loan of cash to an employee to use for buying goods and services to enable them to carry out their duties on behalf of the Council. They are managed by and paid out from the Cash office in Welford House.

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**6. What can I use a cash advance for?**

- They are available for staff in exceptional circumstances when they cannot buy goods and services using the Council's normal purchase ordering system. They are not for small value purchases where a petty cash float might be more suitable and they should not be used as a way of getting around the normal purchasing system when it suits. This includes the payment of expenses to staff, which when required, will normally be made through the payroll system.

**7. How do I account for how I've used the cash advance?**

- A cash advance form can be obtained from the Cash Office or your local admin/finance team. After you've used the advance you must return the completed form, together with any unused monies, to the Cash Office, 7 working days after it is paid to you. If you fail to do this your relevant finance team will be alerted, and in exceptional circumstances the sum may be deducted from your next salary payment. For finance staff, there is a detailed Finance Procedure Note (FM5) that explains how things work.

### **FAQ 3 - Staff pay and allowances**

**KEY POINT: Managers need to ensure that any changes to an employee's entitlement to pay or to their personal circumstances (see below) are notified to Central Payroll as soon as possible and that all payments made to staff have been properly approved and made through the corporate payroll system.**

**1. *Where can I find out about staff pay?***

- You can get information on pay and allowances by going to the **HR for everyone/ managers** page on **Insite** (click on **staff handbook** and then click on **HR**, here you can access LCC Conditions of Service as well as other useful information). A number of topics are covered and there is a FAQ facility. Also you can access information by going to the Central Payroll page (Click on **C** on the A to Z) where amongst other information there is also a FAQ facility.

**2. *Do all payments to staff have to be made through the corporate payroll system?***

- Yes. It is very important that all payments are properly recorded in the Council's payroll system and that all deductions for things like income tax, national insurance and superannuation are correct (the Council is audited by the Inland Revenue periodically). If you have any queries about this ring the central payroll helpline on 395002.

**3. *What responsibilities do I have in ensuring that payments to staff are correct?***

- As a manager of staff you will need to make sure that anything that affects an employees pay is notified to HR Admin, 3<sup>rd</sup> floor Sovereign House, as soon as possible. Your HR provider should automatically pass on information concerning new starters, leavers, secondments and transfers.
- You need to make sure that all absences from work other than in respect of approved leave are recorded (see guidelines on Insight) and forwarded to HR Admin.
- Employees should complete and sign flexi-sheets or other time records that form the basis of their basic pay (including the actual hours they have worked). You should make sure that any records that are used are approved by the Chief Finance Officer through the Central Payroll section.
- Employees who are required to complete jury service should fill in the loss of earnings certificates provided by the courts and inform HR Admin of any payments received from the courts. These will be taken into account so that employees receive a sum equivalent to their normal full pay entitlement.
- Any other changes to an employee's circumstances that you become aware of that affect pay or pay records should also be

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notified to HR Admin, or, where appropriate, entered online through 'MyView'. This will include things like changes of name, address, bank accounts, work-base etc. etc.

- You must check that all claims submitted to you for payment to staff under your control, are genuine, correct, are signed by them and, in the case of overtime, were subject to pre-approval, before you authorise them.
- These pay claim documents and other records should be stored appropriately by each section to ensure they can be referred to, if necessary, at a later date.
- Forms submitted via 'MyView' do not require a signature as the certification wording is contained in the form, by submitting the form the employee is certifying the accuracy of the claim. Similarly, the manager authorising the claim is certifying that they have checked it and that it is accurate.
- Overtime should be closely controlled by managers to ensure that it is only approved where strictly necessary and that the purpose of working extra hours (e.g. clearing a backlog of work) is achieved as planned. If you have any doubts about whether something you know of, or become aware of, about staff under your control should be reported, contact HR Admin.

#### **4. *What needs to be notified?***

- Managers are responsible for notifying changes to an employee's conditions of service affecting pay e.g. change in contracted hours, incremental progression, acting-up, honoraria etc.
- Employees are responsible for notifying changes in personal details, those who can access MyView are expected to make the changes themselves, employees who cannot access MyView should notify HR Admin.



## **FAQ 4 - Money due to the Council**

**KEY POINT: All monies owed to the Council for services or goods provided should be correctly charged, at the right time, and collected, banked and accounted for as quickly as possible.**

### **1. *Paying for Council services - Cash or credit?***

- It depends. In most cases, where a member of the public goes to a Council facility to use a service on the day, or to book a service in advance, then they will normally be expected to pay in cash or by cheque or credit/debit card. Otherwise money due to the Council should be invoiced through the corporate invoicing system. Because raising invoices and then collecting the income is an expensive process, payments made in cash/cheque or credit/debit card, and in advance of the service being received, are preferred. This also ensures that there is no danger of the charge not being paid.

### **2. *How and when do I raise an invoice?***

- a. Your relevant departmental / central exchequer team will be able to raise invoices on the corporate system and you'll need to instruct them to raise the debts you are responsible for. They will tell you the format for doing this.
- b. ***There are three main things to get right;***
  - **first**, you must be clear exactly what income you're responsible for collecting, from whom and how often (you may be invoicing the same person on a regular or periodic basis). You'll probably need to refer to / and / or keep records to help you make sure you don't miss anything. If you have any doubts about what you are responsible for collecting you should speak to your line manager and / or your relevant finance section,
  - **second**, the amount of the invoice needs to be right. You should make sure that invoice totals are properly calculated, any VAT properly accounted for and that it is checked (i.e. involve two people) before the invoice is raised.
  - **third**, invoices should be raised as quickly as possible after the money becomes due. Any delay which makes payments late will cost the Council in lost interest and could also affect our chances of collecting the debt altogether.

### **3. *Can I find out if the person or persons owe money for a previous service before I provide a new one, and once I've invoiced them can I find out if they've paid?***

- Yes. You should contact your relevant departmental / central exchequer team who can arrange to get the information you need.

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#### **4. How do I handle cash payments?**

- Once you receive money on behalf of the Council you are personally responsible for it until it has been banked or until it has been properly handed over to another officer (and a receipt obtained). For this reason you shouldn't leave it out of your sight at any time (keep it under lock and key). You remain responsible for the cash until it is paid over and a receipt obtained.
- The person paying over the money to you should be issued with a proper Council receipt at the time. Unless you have an electronic cash register which produces these or, unless the person paying has a Council payment card, you will need to get a supply of official Council receipts from or through your nearest admin team. You should keep these under lock and key when they're not being used. You don't need to give a receipt for cheque payments unless the person paying asks for one.
- Cheques received should have the number of a valid cheque guarantee card written on the back.

#### **5. Banking**

- Any cash and cheques you collect should be paid into the Council's bank account **on the day they are received**. If you only handle and receive small sums (up to, say, £50) then you may be allowed to hold these securely (i.e. in a locked safe or other secure receptacle – the insurance cover on safes will specify how much money is covered) overnight. You need to contact Risk Management Services if you have any doubts about whether you have permission to do this and whether the Council's insurance will cover the value of money you have.
- You will need to complete an official Council paying in sheet in duplicate before you make your banking. Again these can be obtained from your nearest admin team. You should list all cheque payments received and a payment reference so that it's clear who made the payment and for what debt. You should also list the first and last receipt numbers you've issued since your last banking so it is clear that you've paid over all the cash you've received. The paying sheets should be signed by yourself and another employee to indicate that everything has been accounted for.
- If you have an arrangement for monies to be collected under one of the Council's "cash in transit" contracts then you must follow any identification checks you have been instructed to make before you hand monies over. Make sure you get a receipt from the contractor.
- Otherwise, if you hand money over to another Council officer to bank then make sure that it is counted in the presence of both of you and that they give you a receipt signed by them and you.

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**6. Can I borrow from cash I have received or use it to cash postal orders or cheques?**

- Definitely not! This is not allowed under any circumstances and any staff discovered doing this will be liable to disciplinary procedures.

**7. If the invoice doesn't get paid will it just be forgotten about?**

- No. Debts stay in the Council's accounts until they are paid or written off. The decision to recommend write-off of a debt will be made by the Council's Income Collection Team in line with debt recovery policies. Finance Procedure Rules set out who is authorised to write debts off and for what values.

## **FAQ 5 - Stocks and Stores**

### **1 If I'm responsible for keeping stocks / stores of materials and equipment what checks do I need to do?**

- At least once a year all your stocks / stores should be checked by an independent stock taker. Your line manager will probably arrange for this to be done. Any shortages will need to be written off but only after they've been authorised by the relevant person (your Service Director or the Chief Finance Officer depending on the value).
- Any stock item that you don't need, or can't use because it's too old, should be disposed of. You should get the best deal you can for the item/s. Contact your local finance / admin team for guidance on this. If you are making items available to members of staff, rather than selling / disposing of them to a company under contract, you must first contact the Risk Management Section on extension 297500 to make them aware of what you are disposing of and to obtain their agreement to proceed. Once you have obtained agreement you should advertise items for disposal to staff widely (i.e. you could use the intranet) and give staff a reasonable period of time (i.e. no less than four weeks) to express an interest. You will need to keep a record of the items disposed of and properly account for any money received.
- All devices that could contain data (e.g. PCs, laptops, mobile phones, hand held communication devices, memory sticks etc.) must be disposed of through ICT. You need to ring the IT Support Centre on extension 8888 to do this.

## **FAQ 6 – Revenue Budgets**

### **1. What are my responsibilities?**

- Cost Centre Managers are responsible for ensuring that the budgets that they are responsible for are not over-spent, and are accountable to Service Directors (through normal line management arrangements) in this regard.

### **2. How are budgets controlled?**

- Each service has a well established budget monitoring process that requires Cost Centre Managers to report on their budget position (current spend compared to budget and the forecast year end position).
- Typically budget monitoring is a monthly exercise, individual Cost Centre Manager budget positions are collated to formally report on the budget position to management teams and these will periodically be reported to Corporate Directors' Board and Cabinet

### **3. What advice and support is available for Cost Centre Managers?**

- To help Cost Centre Managers manage their budgets a package is being developed that provides guidance on monitoring and managing budgets and information on usage of key financial systems such as the General Ledger System.
- Training for Cost Centre Managers is provided by the relevant finance teams, this will include:
  - a) roles and responsibilities
  - b) terminology and definitions
  - c) budget setting process
  - d) using the main accounting system
  - e) budget monitoring
  - f) understanding best value
  - g) charging for services, including internal and external trading

## **FAQ 7 – Capital Programme and Projects**

### **1. What are capital projects?**

- These are projects that produce tangible assets that are of benefit for a number of years. Typically such projects consist of spending on land, buildings, plant, equipment, vehicles and roads. Because of the rules relating to the separate funding of capital expenditure it does not include spending on day-to-day expenditure such as salaries, energy costs etc. which are funded by normal revenue budgets.

### **2. How do capital projects get included in the capital programme?**

- Potential capital projects are put forward by services in line with the framework for assessing capital projects and are assessed with regard to meeting service objectives within the level of available resources. Decisions on the content of the capital programme are made by members.
- If you have a potential capital project then contact your relevant finance team who will be able to advise you.

### **3. What happens once the capital programme has been approved?**

- Expenditure on capital projects should only be incurred once approved and only up to the value included in the capital programme, this includes all costs, including professional fees. Once a project has been approved you will need to obtain a specific capital code to cost all project expenditure against. Contact Financial Services (29) 7432 for this.
- Each capital project should have a responsible budget holder and regular monitoring of expenditure and progress for each project will be required. Information on scheme progress, including expenditure to date and explanations for variations from original forecasts of spend, will be required periodically throughout the financial year. This information will be incorporated within budget monitoring reports submitted periodically to Corporate Directors' Board and Cabinet.

### **4. What are spend to save projects?**

- These are projects where an initial capital investment (for example on better equipment) will lead to ongoing revenue savings or a significant capital receipt in later years. To qualify as a spend to save scheme, the project must generate sufficient savings to pay back the initial capital investment over a number of years. For further information on potential spend to save projects then contact your head of finance.

## **FAQ 8 – Internal Audit and investigations**

### **KEY POINT**

**Internal Audit's job is to provide independent assurance that financial and management controls are working effectively. Financial and other controls are designed to protect the Council's assets, its service users, and staff from loss, theft or other irregularities. These controls help protect you and you should therefore make every effort to follow them.**

#### **1. If I think something wrong has taken place to do with Council money or things the Council owns what should I do?**

- Unless it is to do with your line manager you could share your concerns with them. Together it may be easier to decide whether your concerns are reasonable and therefore should be reported. In any event you have the right and duty to report your suspicions directly to the Corporate Counter-Fraud Team (CCFT) in Internal Audit (X297415) although you should inform your line manager when you've done this. If the suspicion is to do with your line manager you should share / report this to their manager before or after contacting CCFT. CCFT will require you to provide details of any evidence you have to justify your suspicions.
- The Council has a zero tolerance policy on fraud and corruption and this is spelt out in the Anti-Fraud and Corruption Policy (<http://insite.council.leicester.gov.uk/EasySite/lib/serveDocument.asp?doc=171631&pgid=13470>)
- The Council has a whistle-blowing policy which you may wish to refer to in raising your concerns. (<http://www.leicester.gov.uk/EasySite/lib/serveDocument.asp?doc=8942&pgid=19056>)

#### **2. How should I co-operate with Internal Audit staff?**

- Internal Audit staff have a job to do like any other Council employee and in order for them to do it effectively they have authority to access all Council records, premises, systems and to ask questions of staff. If your section is being audited or if an investigation is being carried out that affects your area of work then you will normally be informed that audit staff will be visiting. In some circumstances, Internal Audit may make surprise or unannounced visits. This is an important part of audit work as it enables auditors to see what is actually happening. When audit staff make a visit you should do your best to assist them and provide them with information that they require as soon as you can. If someone arrives on your premises claiming to be an auditor, don't simply accept this but ask to see their ID.

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## FINANCIAL SYSTEMS

### Definition

- 2.1 In this section of Finance Procedure Rules, a **financial system** means any system (computerised or otherwise) and associated procedures for making or recording any financial transaction of the Authority.

### Accounting Systems

- 2.2 The Chief Finance Officer is responsible for the provision of a corporate system for the preparation of the Council's accounts and for monitoring expenditure and income. This is currently provided by means of the Council's Financial Management Information System (FMIS).

A & B

- 2.3 Service Directors are responsible for ensuring FMIS accurately records the financial transactions of their functions, in accordance with guidance given by the Chief Finance Officer. Service Directors shall ensure that transactions are recorded in a manner which complies with proper accounting practices, enables returns to be made to taxation authorities, and complies with other legal requirements. The Chief Finance Officer shall give whatever guidance is necessary to ensure that this obligation can be fulfilled.

A & B

FM10

- 2.4 Service Directors shall use FMIS as the prime means of monitoring expenditure and income in their services and for comparing spending against budget, except where the Chief Finance Officer advises or agrees that alternative arrangements can apply. Service Directors shall keep such subsidiary information and records as are necessary to effectively monitor expenditure, income and commitments, and to support returns made to the taxation authorities.

- 2.5 Service Directors shall provide all relevant information deemed necessary to compile the Council's final accounts in accordance with guidance issued by the Chief Finance Officer.

A & B

### All Financial Systems

- 2.6 Service Directors may not make changes to financial systems without the agreement of the Chief Finance Officer via the Internal Audit Section. Proposals for changes in staffing and organisational arrangements relating to financial systems shall also be agreed with the Chief Finance Officer prior to implementation. The Chief Finance Officer may waive these requirements for consultation in circumstances where he or she is satisfied that change will not prejudice the proper administration of the Council's financial affairs. The Chief Finance Officer will normally delegate such permissions to

A & B

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heads of finance.	
<p>2.7 Each Service Director shall be responsible for the effective operation of financial systems to the extent that they are operated or controlled within their service and shall ensure proper security and confidentiality including adherence to the requirements of Data Protection and other information legislation.</p>	A & B
<p>2.8 Each Head of Finance shall monitor the effectiveness of financial systems in his or her supported service and shall in particular ensure that financial systems discharge the Chief Finance Officer's duty to ensure that there is proper administration of the Council's financial affairs. Where Heads of Finance believe that systems are ineffective, they shall report the matter to the relevant Service Director in the first instance (as a breach of regulation 2.7 above) but shall also report the matter to the Chief Finance Officer if it appears that the matter cannot be satisfactorily resolved.</p>	A & B

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## FINANCIAL ADMINISTRATION

### 3.1 Approved Officers

3.1.1 Service Directors shall authorise appropriate officers to undertake the following duties;

A & B

- (a) Purchasing supplies, services and works to the extent that contractual arrangements already exist, as described below;
- (b) Certifying Officers for order requisitions, invoice grid stamp for work done/price checked, invoice certification, other order requisitions, personnel variations, time sheets, officer expense claims, petty cash, imprest accounts, change floats, cash advance forms, debtors accounts, internal recharges and end of year stock certificates.
- (c) Signing official orders, both those for worked procured by approved procuring officers, where the person signing will need to ensure that the order complies with Contract Procedure Rules, and those that relate to existing contractual arrangements.
- (d) Corporate certification for cheques, BACs authorisation, CHAPs authorisation and grant claims

3.1.2 Officers authorised to purchase under rule 3.1.1 (a) above are authorised to;

A, B & C

- (a) Purchase from existing ESPO catalogues or direct dealing contracts.
- (b) Buy internally from in-house services.
- (c) Purchase from pre-priced framework contracts, which have been made available through corporate procurement.

3.1.3 Only officers authorised to procure under arrangements contained within Contract Procedure Rules are entitled to test the market or purchase from select lists. No other officer is entitled to obtain quotations or run a tendering exercise.

A, B & C

3.1.4 Service Directors shall ensure that approved officers have appropriate seniority and expertise to ensure that they are able to discharge the functions assigned to them for the purposes of these rules. Approved officers are accountable to their Service Directors for the exercise of these functions.

A & B

3.1.5 Service Directors shall ensure that arrangements are made for effective

A & B

Officers must ensure compliance with these Finance Procedure Rules at all times. Breach may open the Council, or even the officer, to legal challenge, and may well be a disciplinary matter. If any officer does become aware of an inappropriate breach they should report the matter, either direct or via their manager, to the Chief Finance Officer. The report will be dealt with in complete confidence, if requested.

separation of duties when designating approved officers, in order to provide adequate internal check over all transactions, in accordance with guidance given by the Chief Finance Officer. Service Directors shall ensure that the arrangements for approved officers are consistent with the departmental budgetary control framework for their departments (see Section 4 of these Rules) and that in particular cost centre managers' ability to manage their budgets is safeguarded.

- 3.1.6 Service Directors shall maintain, in a single place, an up-to-date record of all approved officers, together with specimen signatures where appropriate, and shall ensure that no employee other than an approved officer carries out the function of an approved officer. Lists of approved officers can be found at:

A & B

<http://insite.council.leicester.gov.uk/resources-department/financial-services/corporate-procurement-support-and-income-ser/the-procurement-team/approved-officer-list>

- 3.1.7 References to **Approved Officers** in the rest of this section of Financial Procedure Rules shall be read in the context of the above.

## 3.2 Orders for Works, Services and Supplies

### Definitions

- 3.2.1 In this sub-section of the Council's Finance Procedure Rules the following definitions apply:

An **official order** is an order for supplies or services in an approved form which is raised by an authorised officer.

A **payments register** is a formal record of routine payments for recurring charges.

A **purchase requisition** is a written request for an official order to be raised, which is signed by an authorised officer.

### Rules

- 3.2.2 The Chief Finance Officer is responsible for providing a corporate system for raising and recording official orders. This system shall be used for all official orders, except in emergencies, or in accordance with other arrangements specifically approved by the Chief Finance Officer. In giving such approval, the Chief Finance Officer shall ensure the alternative arrangements provide for effective financial control, and shall have regard to the continuing viability of the corporate arrangements.

A & B

- 3.2.3 Official orders shall be issued for all purchases, excluding the following items:

C

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<p>i. Purchases through petty cash and imprest accounts.</p> <p>ii. Recurring charges such as gas, electricity and telephone charges and other charges for which a payments register or other method of recording/monitoring payments is more appropriate than an order.</p>	
<p>3.2.4 Official orders shall only be raised or signed and purchase requisitions shall only be signed by authorised officers.</p>	C
<p>3.2.5 In those exceptional circumstances in which the corporate system is not used, Service Directors shall only obtain official order forms in accordance with arrangements approved by the Chief Finance Officer and shall be responsible for their control and use.</p>	A & B
<p>3.2.6 Where urgent orders are given orally, they shall be confirmed immediately by an official order.</p>	C
<p>3.2.7 Official orders should be specific, e.g. they should state quantity, weight, size, grade, quality, and where practicable, price. Where supplies are ordered under contract, it is particularly important that the order and contract have the same specification of supplies required.</p>	C
<p><b>3.3 Payments for Works, Services and Supplies</b></p>	
<p>3.3.1 Payment for works, services and supplies may only be made:</p> <p>(a) On receipt of an invoice or contract certificate which satisfies VAT regulations; or</p> <p>(b) Where liability for payment by the Council is clearly established.</p>	C
<p>3.3.2 No payment for works, services or supplies shall be made except on the authority of an authorised officer.</p>	C
<p>3.3.3 The Chief Finance Officer is responsible for providing a corporate system for the payment of accounts. Service Directors shall use this system for all payments except in accordance with other arrangements specifically approved by the Chief Finance Officer. In giving such approval, the Chief Finance Officer shall ensure that the alternative arrangements provide for effective financial control, and shall have regard to the continuing viability of the corporate arrangements.</p>	A, B & C
<p>3.3.4 Authorised officers shall ensure that payments for works, services and supplies are not made unless:</p> <p>(a) Supplies and services have been supplied in accordance with an official order, and the amount invoiced is correctly payable;</p>	B & C

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(b) Payment is in respect of a service regularly supplied (e.g. gas and electricity), and the amount invoiced is properly payable; or

(c) Payment is made for works, services or supplies under contract, and the amount is properly payable under the terms of that contract.

### **3.4 Salaries and other payments to employees**

#### Rules

3.4.1 The Chief Finance Officer is responsible for approving a corporate payroll system for recording payroll data and for generating payments to employees. The Chief Finance Officer is also responsible for ensuring that National Insurance, Income Tax and any other such liabilities are properly determined and that deductions due are made and properly accounted for.

A & B

3.4.2 Service Directors shall use the corporate payroll system for all payments to employees.

A, B & C

3.4.3 Where payments are made for services in which the relevant taxation authorities deem that a contractor is “employed” by the Council, Service Directors are responsible for ensuring that National Insurance, Income Tax and any other such liabilities are properly determined, and deductions due are made and properly accounted for.

A, B & C

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3.4.4 Service Directors are responsible for ensuring that all information affecting an employee’s entitlement to pay, or rate of pay, and all other information required for the smooth operation of the corporate payroll, shall be notified to the Employee Service Centre. This shall be done by means of direct input to the corporate payroll system or by means of a form, in either case following procedures approved by the Chief Finance Officer. In either case, Service Directors shall make arrangements for data supplied to be verified and authorised by an authorised officer. In particular the following shall be notified:

A, B & C

i. Appointments, resignations, dismissals, suspensions, secondments and transfers;

ii. Changes to standing data held on the payroll system;

iii. Absences from duty for sickness or other reason, apart from approved leave;

iv. Changes in remuneration, other than normal increments, pay awards and any agreements generally reached, and notified separately to the Chief Finance Officer;

v. Information necessary to maintain records of service for

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	superannuation, Income Tax, National Insurance and related purposes.	
3.4.5	All time records or other paper documents affecting entitlement to salaries and wages on any specific occasion shall be in a form approved by the Chief Finance Officer and shall be processed in accordance with procedures specified by the Chief Finance Officer. These documents shall be signed by the employee and certified as correct by an authorised officer. Alternatively, the Chief Finance Officer may require such documents to be submitted electronically.	B & C
3.4.6	All claims for payment of car allowances, travelling and subsistence allowances, removal expenses and the like shall be submitted in an approved form to the Chief Finance Officer for payment and be certified as correct by an authorised officer. Alternatively, the Chief Finance Officer may require such documents to be submitted electronically.	A, B & C
3.4.7	All claims for the payment of Councillors' allowances and expenses shall be submitted in a form specified by the Chief Finance Officer which complies with statutory requirements, and certified as correct by an authorised officer. Alternatively, the Chief Finance Officer may require such documents to be submitted electronically.	
3.4.8	The Chief Monitoring Officer has discretion to make monetary advances to Councillors and officers on account of expenses to be incurred, at the request of a Director. Councillors and Officers who receive advances on account of expenses shall repay them in accordance with the terms of the advance.	
3.4.9	Any other benefits provided to employees, in particular benefits in kind rather than in cash, but also including such things as payments received by staff for Jury Service, may/will also be taxable and/or liable to National Insurance contributions, and may also be subject to a deduction from pay. The responsibility for identifying any liabilities in this respect is with each Service Director who should seek advice from the Chief Finance Officer where appropriate.	B & C
<b>3.5</b>	<b>Income</b>	
3.5.1	In this sub-section of the Finance Procedure Rules, <b>money</b> means all cash, cheques, or other forms of payment including credit/debit cards.	
	<b><i>Credit Income</i></b>	
3.5.2	The Chief Finance Officer is responsible for approving a corporate invoicing system. Service Directors shall use this system for all credit income except in accordance with other arrangements specifically approved by the Chief Finance Officer. In giving such approval, the Chief Finance Officer shall ensure that the alternative arrangements provide for effective financial control, meet with the requirements of	A & B

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	the appropriate taxation authorities and shall have regard to the continuing viability of the corporate arrangements.	
3.5.3	Service Directors are responsible for ensuring that all debts due to the Council are promptly and accurately raised and either collected in money (or other forms of immediate payment) or invoiced.	A, B & C
3.5.4	The Head Of Legal Services is responsible for collecting all income invoiced via the corporate invoicing system, or for writing-off debt as non-collectable under the provisions of these Rules (under his or her delegated authority, subject to review by the relevant Scrutiny Committee). The procedures related to this responsibility are subject to approval by the Chief Finance Officer.	A & B
3.5.5	Changes to fees and charges for Council services must be made in accordance with the Council's Income Generation Strategy (IGS) but only need to be referred to the relevant Scrutiny Committee for consideration and comment at the discretion of Strategic Directors. The level of fees and charges shall be regularly reviewed by Strategic Directors in accordance with the IGS.	A & B
3.5.6	Service Directors shall advise the Chief Finance Officer of any new sources of income which are exempt from VAT, and of material change to existing sources of income which are exempt from VAT.	A, B & C
	<b>Cash Income</b>	
3.5.7.	Officers responsible for the collection of money shall comply with procedures specified by the Chief Finance Officer, and shall ensure that money collected is recorded and banked without undue delay.	C
3.5.8	Subject to the following Rules, all receipt forms, tickets and other types of controlled stationery by which income is acknowledged shall be ordered and supplied to departments by the Chief Finance Officer; and Service Directors shall be responsible for the safe custody of such documents and for controlling their use in accordance with arrangements approved by the Chief Finance Officer.	B & C
3.5.9	Receipts and other forms of controlled stationery which are specific to a particular function may be ordered and controlled by the appropriate Service Director, in accordance with arrangements approved by the Chief Finance Officer.	A & B
3.5.10	All cash received must be acknowledged at once by the issue of an official receipt or ticket, or an entry on a payment card provided for the purpose. No officer or agent of the Council shall give a receipt for cash received on behalf of the Council on any form other than an official receipt whose content has been approved by the Chief Finance Officer. No acknowledgement need be given for payment by cheque, however, unless requested by the debtor. Cheques should be endorsed with a valid cheque guarantee card number.	C

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3.5.11 All money received must be accounted for and paid into an approved bank account, either directly, or via Cash Collection centres at Welford House or the Area Housing Offices, on the day of the receipt, or as soon as practicable thereafter, dependent on the values involved and arrangements for the safe custody of cash (i.e. ensuring insurance value limits are not exceeded). An officer may on no account borrow any money temporarily for their own use, nor should they, except in the case of expenses they incur whilst travelling on Council business, make payments on behalf of the Council from their own pocket. Arrangements may be made with the Chief Finance Officer for an officer who is handling small sums to bank less frequently.

C

3.5.12 An officer is responsible for the safe custody of any money she or he has received until it has been balanced and banked or handed over to another officer for banking. If the money is handed over to another officer, a receipt should be obtained from the officer receiving it. If the money is in a sealed container, the officer should obtain a receipt for the container.

C

3.5.13 Whilst money is in their custody, officers should, at no time, leave it unattended unless it is locked in a safe place, to which the officer alone has access, and which fulfils insurance requirements.

C

3.5.14 All officers who pay money into any of the Council's bank accounts shall list the amount of every cheque on the paying-in slip and the counterfoil or duplicate, together with some reference, such as an account number, which will connect the payment with the debt; or failing this, the name and address of the debtor.

C

3.5.15 Cash received by officers on behalf of the Council shall not be used to cash postal orders, personal or other cheques.

C

3.5.16 The Chief Finance Officer is responsible for approving all systems for the processing of payments by debit, credit and top up payment cards.

### **3.6 Write-Off of Debts**

3.6.1 No debt properly due to the Council shall be discharged otherwise than by:

B & C

- i. payment in full;
- ii. write-off.

3.6.2 Subject to conditions set out below, all debts which a Service Director or the Chief Finance Officer has been unable to recover in excess of an amount determined by Cabinet, and for which normal recovery processes have been exhausted, shall be referred without delay to

A & B

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<p>the Head of Legal Services.</p>	
<p>3.6.3 Debts may be written off as follows:</p> <p>i. By the relevant Service Director for debts up to £2000;</p> <p>ii. By the Head of Legal Services for debts above £2000, subject to periodic reporting of such action to the Performance and Value For Money Select Committee and the Cabinet Lead Member for Finance.</p> <p>provided that: there is a properly established, enforceable debt, which remains unpaid in whole or in part, and is irrecoverable at reasonable effort and expense, or is remitted by a competent court. In the event that there is reason to believe that the cause of any debt being irrecoverable is attributable to fraud, theft, irregularity or the negligence of an employee, the Strategic or Service Director shall refer the matter to the Head Of Audit &amp; Governance (HoAG) under FPR 7.3.3. The debt shall not be written off until any necessary investigative or other action has been agreed by the Strategic or Service Director and the HoAG.</p>	<p>A &amp; B</p>
<p>3.6.4 The Head of Legal Services may also write down to £1 any debt subject to insolvency proceedings pending resolution of the case, provided that s/he shall report periodically such actions to the Cabinet Lead Member for Finance and the Performance and Value For Money Select Committee.</p>	<p>B</p>
<p><b>3.7 Monitoring of Income Collection</b></p>	
<p>3.7.1 The Chief Finance Officer shall report twice a year to the Performance and Value For Money Select Committee on progress with the collection of the Council's income, with particular reference to the arrears outstanding in respect of each main class of income, debts written-off and action being taken to recover or reduce those arrears.</p>	<p>A &amp; B</p>
<p><b>3.8 Banking Arrangements</b></p>	
<p>3.8.1 In this sub-section of the Finance Procedure Rules, the Council's <b>main bank accounts</b> are all bank accounts maintained by the Council other than those operated solely for specific establishments or purposes.</p>	
<p>3.8.2 The Chief Finance Officer is responsible for operating the Council's main bank accounts. Service Directors may open and maintain other Council bank accounts for specific purposes in accordance with arrangements specifically approved by the Chief Finance Officer, or, for schools, in accordance with the Scheme for Financing Schools.</p>	<p>A &amp; B</p>
<p>3.8.3 The Chief Finance Officer is responsible for ensuring that regular and complete reconciliations are carried out, for all the main bank</p>	<p>A &amp; B</p>

Officers must ensure compliance with these Finance Procedure Rules at all times. Breach may open the Council, or even the officer, to legal challenge, and may well be a disciplinary matter. If any officer does become aware of an inappropriate breach they should report the matter, either direct or via their manager, to the Chief Finance Officer. The report will be dealt with in complete confidence, if requested.

<p>accounts, of balances held to financial records maintained. Service Directors are responsible for ensuring that regular and complete reconciliations are carried out of all other Council bank accounts maintained by them. Arrangements for carrying out such reconciliations shall be in a form specifically approved by the Chief Finance Officer.</p>	
<p>3.8.4 All cheques (or other form by which payments may be made) for the Council's main bank accounts shall be ordered and controlled by the Chief Finance Officer who shall make proper arrangements for the safe custody of blank cheques and the preparation, signing and despatch of cheques. Service Directors shall ensure that for all other Council bank accounts cheques are held, prepared, signed and despatched in a form approved by the Chief Finance Officer.</p>	<p>A &amp; B</p>
<p>3.8.5 All cheques drawn on the Council's main bank accounts shall bear the pre-printed signature of the Chief Finance Officer, or be signed by the Chief Finance Officer or signatory authorised by him or her. Cheques drawn on any other Council bank accounts should be signed by an authorised officer.</p>	<p>A &amp; B</p>
<p>3.8.6 The Chief Finance Officer is responsible for ensuring that all payments made from the main bank accounts by way of Clearing House Automated Payments (CHAPs) and Bankers Automated Credits (BACs) transactions are properly controlled and suitably authorised.</p>	
<p>3.8.7 The Chief Finance Officer is responsible for sanctioning the issue of Corporate Credit Cards to staff and members and for reconciling expenditure incurred to the main bank accounts. Service Directors are responsible for ensuring that staff use the cards in accordance with procedures issued, including the provision of valid receipts to support the expenditure incurred. Where Corporate Credit Cards are not used in accordance with stipulated procedures then the Chief Finance Officer may withdraw the arrangement.</p>	<p>A &amp; B</p>
<p><b>3.9 Cash Advances, Petty Cash floats and Imprest accounts</b></p> <p><u>Definitions</u></p>	<p>FM1</p>
<p>3.9.1 For the purposes of this sub-section of the Finance Procedure Rules the following definitions shall apply:</p> <p>A <b>cash advance</b> is a specific cash loan made to an employee to enable them to purchase appropriate items/services in connection with their employment by the City Council.</p> <p>A <b>petty cash float / imprest account</b> is an amount of money provided for the purpose of funding small cash payments incurred on behalf of the City Council.</p>	

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	The record must be certified as correct by an authorised officer, who must check the petty/imprest cash book, the cash vouchers and any cash held. The completed record, and such other documentation as the Chief Finance Officer shall require, shall be presented to the Chief Finance Officer for reimbursement.	
3.9.7	Each petty cash float /imprest account must be kept in a lockable box to which the petty cash/imprest account holder alone has access. The box shall be kept securely, for example in a lockable cupboard or safe, in accordance with arrangements specified by the Chief Finance Officer (Specific requirements for Insurance cover must be met).	C
3.9.8	On ceasing to hold a petty cash float /imprest account, the petty cash /imprest account holder must produce the petty/imprest cash book, vouchers and any unspent balance to an authorised officer for checking and retention. The advance will then be handed over to a successor nominated by the Service Director, or returned to the Chief Finance Officer.	C
3.9.9	Petty cash float /imprest account should only be used for small transactions where it is quicker and more efficient to buy the goods locally rather than by official order. However, petty cash floats /imprest accounts should not be used for goods that can be purchased through the Council's central purchasing arrangements.	C
3.9.10	Travelling, subsistence and post-entry training expenses should be reimbursed through the appropriate allowance payment systems, and not from petty cash float /imprest account.	C
3.9.11	No income should be paid into a petty cash float/imprest account.	C
3.9.12	For the purposes of closure of the Council's accounts each financial year end, the Chief Finance Officer will require a certificate from each petty cash float /imprest account holder, which should be countersigned by an authorised officer, providing such details as the Chief Finance Officer shall specify.	B & C
3.9.13	Service Directors shall keep up-to-date records of petty cash float /imprest account holders.	A & B
<b>3.10</b>	<b>Stocks and Stores</b>	
3.10.1	Service Directors may hold stocks of consumable items; materials; and equipment for use in the maintenance of assets under their control and the provision of services. They are responsible for the receipt, custody and issue of stock items for their functions and for maintaining suitable records in a form and manner approved by the Chief Finance Officer. Service Directors shall ensure that arrangements to operate their own stores continue to represent value for money to the Council as compared to obtaining materials direct from suppliers.	A & B

Officers must ensure compliance with these Finance Procedure Rules at all times. Breach may open the Council, or even the officer, to legal challenge, and may well be a disciplinary matter. If any officer does become aware of an inappropriate breach they should report the matter, either direct or via their manager, to the Chief Finance Officer. The report will be dealt with in complete confidence, if requested.

<p>3.10.2 Service Directors shall ensure that stock items are effectively safeguarded from loss, theft or damage.</p>	<p>A &amp; B</p>
<p>3.10.3 Service Directors shall arrange for a periodic stock-take to be undertaken independently of the employees responsible for the custody of those stocks, such that the existence and value of all items are checked at least once a year. The write-off of deficiencies or adjustments related to individual stock items may be authorised as follows:</p> <p>i. By the relevant Service Director for write-offs which do not exceed £2000, subject to an overall limit equivalent to 5% of total opening stock;</p> <p>ii. By the Chief Finance Officer for write-offs in excess of £2000 subject to periodically reporting the write-offs to the Cabinet Lead Member for Finance and the Performance and Value For Money Select Committee.</p>	<p>A, B &amp; C</p>
<p>3.10.4 The value of stocks held at 31st March each year shall be certified by an authorised officer and supplied to the Chief Finance Officer in such form and at such time as may be decided by the Chief Finance Officer. Detailed requirements will be laid out in the annual closedown booklet issued by Resources Accountancy and which is part of the Finance Procedure Note manual.</p>	<p>A &amp; B</p>
<p>3.10.5 Surplus and obsolete stocks and stores must be disposed of by Service Directors on the best terms possible. Service Directors shall comply with guidance given by the Chief Finance Officer in respect of identification of the fact that stock is surplus or obsolete. Where such items are not disposed of and or sold to a company under contractual terms, they may, when judged best, and, subject to independent check, be offered for sale to staff, provided that permission to proceed is first obtained from the Risk Management Section (x 297500) and that subject to that permission, the sale is advertised to as many staff as possible (e.g. using the intranet) for a reasonable length of time (i.e. no less than 4 weeks).</p>	<p>A, B &amp; C</p>
<p>3.10.6 All devices that could contain data (e.g. PCs, laptops, mobile phones, hand held communication devices, memory sticks etc.) <b>must</b> be disposed of through ICT.</p>	<p>B &amp; C</p>
<p>3.10.7 Any disposals shall be recorded by the Department concerned and records maintained in a form specified by the Chief Finance Officer.</p>	<p>B &amp; C</p>

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### 3.11 Asset Register and inventories

#### Definition

3.11.1 In this sub-section of the Council's Finance Procedure Rules, the following definitions shall apply:

A & B

An **asset register** is a register of all significant assets owned by the Council, which is maintained by the Chief Finance Officer for statutory accounting purposes.

An **inventory** is a record of all plant, machinery, vehicles, equipment and other assets under the custody of Service Directors, including assets the Council does not own outright. It should aid effective control of such assets and can support the management of risk of loss or damage.

#### Rules

3.11.2 The Chief Finance Officer shall have access to all inventories and other records maintained by Service Directors for the purposes of compiling and maintaining an asset register in accordance with the relevant accounting regulations.

A & B

3.11.3 Service Directors will maintain inventories and other records to support the asset register in a format agreed by the Chief Finance Officer. Any individual items of plant, machinery, equipment and other assets that are capitalised will be included in the asset register.

A & B

3.11.4 The Chief Finance Officer will also specify what other inventories and records need to be maintained by Service Directors in order to help safeguard the items recorded in it from loss, theft or damage.

A & B

3.11.5 Service Directors shall be responsible for carrying out an annual check of all items on all inventories and other records of equipment maintained. Based on original cost, the write-off of deficiencies may be authorised as follows:

A & B

i. By the relevant Service Director for amounts not exceeding £2000 ;

ii. By the Chief Finance Officer for amounts exceeding £2000 subject to periodically reporting the write-offs to the Cabinet Lead Member for Finance and the Performance & Value For Money Select Scrutiny Committee.

3.11.6 Any significant variations should be investigated and reported to the Chief Finance Officer for insurance purposes, with consideration given to reporting the matter to the Chief Finance Officer as a suspected irregularity, under Section 7 of the Finance Procedure Rules.

A, B & C

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<p>3.11.7 With the exception of portable IT and communication devices issued to individual officers to assist them in undertaking their duties, assets in the custody of the City Council shall not be removed from Council premises, other than in accordance with the ordinary course of the Council's business, or used otherwise than for the Council's purposes, except where specifically authorised by the appropriate Service Director.</p>	<p>A, B &amp; C</p>
<p>3.11.8 Surplus or obsolete items should initially be offered for use elsewhere in the Council, and where not required, disposed of by Service Directors on the best possible terms. Where items are to be disposed of for a sum which is less than current value, by an amount which exceeds the threshold for Service Director approval (above), then this shall be authorised by the Chief Finance Officer, subject to periodically reporting the disposals to the Cabinet Lead Member for Finance and the Performance &amp; Value For Money Select Committee. Where such items are not disposed of and or sold to a company under contractual terms, they may, when judged best, and, subject to independent check, be offered for sale to staff, provided that permission to proceed is first obtained from the Risk Management Section (x 297500) and that subject to that permission, the sale is advertised to as many staff as possible (e.g. using the intranet) for a reasonable length of time (i.e. no less than 4 weeks).</p>	<p>A &amp; B</p>
<p>3.11.9 All devices that could contain data (e.g. PCs, laptops, mobile phones, hand held communication devices, memory sticks etc.) <b>must</b> be disposed of through ICT.</p>	<p>A, B &amp; C</p>
<p>3.11.10 Any disposals shall be recorded by the Department concerned and records maintained in a form specified by the Chief Finance Officer.</p>	<p>A, B &amp; C</p>
<p>3.11.11 Service Directors shall advise the Chief Finance Officer of the disposal of items for which an adjustment is required to an asset register, and the Chief Finance Officer shall advise Corporate Directors of the circumstances in which this is necessary.</p>	<p>A &amp; B</p>
<p><b>3.12 Buildings and Land</b></p>	
<p>3.12.1 The Service Director responsible for housing shall maintain records of all dwellings and other buildings erected or acquired under the Housing Acts, and the Service Director (Property) shall maintain records of all other land and properties owned or occupied by the Council, in a form and manner approved by the Chief Finance Officer.</p>	<p>A &amp; B</p>
<p>3.12.2 The Service Director responsible for housing shall maintain records of tenancies granted in respect of premises managed by the Housing Department, and the Service Director (Property) shall maintain records of all other tenancies.</p>	<p>A &amp; B</p>
<p>3.12.3 The Head of Legal Services shall have custody under secure</p>	<p>A</p>

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<p>arrangements of all title deeds, land certificates, leases, tenancy agreements and contracts and associated bonds under seal (and any other such documents). The Service responsible for housing shall have custody of agreements relating to the tenancy of premises managed by the Housing Revenue Account.</p>	
<p>3.12.4 Terms of disposal should not be finalised without the benefit of a current valuation undertaken by the Service Director (Property) or a suitable firm of valuers appointed under arrangements approved by that Director. The terms of disposal must also take account of the taxation implications to the Council of the disposal.</p>	<p>A, B &amp; C</p>
<p>3.12.5 Except in the case of dwellings within the Housing Revenue Account, no property should be disposed of without the prior consultation and agreement of the Service Director (Property) or their designated representative.</p>	<p>A &amp; B</p>
<p>3.12.6 Where disposal to an existing tenant takes place, the relevant Service Director shall ensure that all outstanding rent and local taxes have been discharged before the transfer takes place. Where purchase of building and land takes place, any sums owed to the Council can, subject to approval by Legal Services Division, be deducted from the purchase price.</p>	<p>A &amp; B</p>
<p><b>3.13 Risk Management and Insurance</b></p>	
<p>3.13.1 The Chief Finance Officer is responsible for ensuring that the Council's risks are adequately assessed, and for arranging external insurance cover or making alternative arrangements to provide for potential future liabilities and losses.</p>	<p>A &amp; B</p>
<p>3.13.2 Service Directors shall advise the Chief Finance Officer of all risks, and changes to risks, in accordance with procedures specified by the Chief Finance Officer. Strategic and Service Directors are not authorised to arrange insurance cover except via the Chief Finance Officer.</p>	<p>A &amp; B</p>
<p>3.13.3 Formal identification of key risks which could threaten identified service or Council objectives must be carried out using a risk management process approved by the Chief Finance Officer. Identified risks and any remediable actions are to be agreed as part of the process which will include costs and timescales for action. Service Directors shall maintain operational risk registers and ensure that they are kept up to date and monitored on a quarterly basis, reporting significant departmental risk / projects to the Chief Finance Officer.</p>	<p>A, B &amp; C</p>
<p>3.13.4 Any damage, loss or other event which may lead to an insurance claim shall be notified immediately to the Chief Finance Officer. No action should be taken or undertaking given by any officer which would prejudice the Council's position in making an insurance claim.</p>	<p>B &amp; C</p>

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Failure to inform the Chief Finance Officer of any changed circumstances could affect the validity of the insurance cover.	
3.13.5 Service Directors are responsible for ensuring compliance with the terms of any relevant insurance policy and for implementing any other advice given by the Chief Finance Officer on the management of insured and uninsured risks.	A & B

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## REVENUE BUDGETS

### GENERAL FUND AND HRA BUDGETS

#### 4.1 General

- 4.1.1 These rules apply to all activities of the Council, including those funded through the Area Based Grant (ABG), except for specific internal trading units for which the Cabinet determines that separate rules in 4.10 to 4.17 shall apply.

A, B & C

#### 4.2 Definitions

The Council's budget is divided into **budget lines** for the purposes of this section of the Finance Procedure Rules. A budget line may represent expenditure, income or a combination of the two.

**Controllable budget lines** are those budget lines which are deemed by the Council to be within the control of Service Directors.

A **total controllable budget** is the total of the controllable budget lines for which a single Service Director is responsible, and will generally represent the budget of a specific service. However, controllable budget lines which form part of the Housing Revenue Account (HRA) shall be part of a separate total controllable budget from those which form part of the general fund.

**Demand led budgets** are those controllable budget lines which the Cabinet may determine are demand led (generally, those over which the Council has very little influence). The only such budget is for Housing Benefit client payments.

An **earmarked reserve** is a reserve created by Cabinet or a Service Director for a specific purpose in accordance with these Finance Procedure Rules.

A **carry forward reserve** is a reserve which is created for the purposes of holding underspendings carried forward in accordance with these Finance Procedure Rules .

**Virement** is the transfer of resources between two controllable budget lines.

#### 4.3 Setting a Budget

- 4.3.1 The Council's budget shall be set by the full Council when considering a report of the Cabinet. Separate reports may be made in respect of the general fund, the Housing Revenue Account and Area Based Grant.

A & B

<p>4.3.2 Strategic directors, operating collegiates, shall (jointly with the Chief Finance Officer) ensure that the Cabinet considers a proposed budget for each controllable budget.</p>	<p>A &amp; B</p>
<p>4.3.3 Strategic directors shall ensure that the budget proposals submitted to Cabinet comply with guidelines issued by the Chief Finance Officer, are deliverable, and are consistent with the corporate plan.</p>	<p>A &amp; B</p>
<p>4.3.4 The Chief Finance Officer is responsible for recommending a total budget for the general fund to the Cabinet, and shall also give advice on an appropriate level of general reserves.</p>	<p>A &amp; B</p>
<p>4.3.5 The budget approved by the Council shall identify as a minimum:</p> <ul style="list-style-type: none"> <li>i. The net budget requirement of the Authority;</li> <li>ii. Each Service Director’s total controllable budget</li> <li>iii. Budget lines which are not the responsibility of Service Directors to control;</li> </ul>	
<p>4.3.6 Following approval of the budget by the Council, the Council shall (prior to the commencement of the year) approve a separate document identifying all budget lines for the purposes of these Finance Procedure Rules .</p>	<p>A &amp; B</p>
<p>4.3.7 Service Directors shall ensure that the budget is correctly recorded on the Finance Management Information System, as soon as practicable after it is approved by the Council.</p>	<p>A &amp; B FM4</p>
<p><b>4.4 Incurring Expenditure and Collecting Income</b></p>	
<p>4.4.1 Subject to the following paragraph, Service Directors are authorised to incur expenditure on services for which there is approved budget provision within a controllable budget line for which they are responsible, provided such expenditure is legally incurred, and within Council policy. Finance and Contract Procedure Rules must be complied with when expenditure is incurred.</p>	<p>A,B&amp;C</p>
<p>4.4.2 Where the budget identifies that any budget provision is conditional on other action or Cabinet decision, no expenditure shall be incurred until such other action has occurred, or such Cabinet decision has been taken.</p>	<p>A &amp; B</p>
<p>4.4.3 Service Directors are responsible for collecting income for which there is budget provision within a controllable budget line for which they are responsible.</p>	<p>A &amp; B</p>
<p>4.4.4 Where budgeted expenditure is to be met by grant income, Service Directors are responsible for complying with the conditions of grant</p>	<p>A &amp; B</p>

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	aid.	
4.4.5	All applications for grant income must be signed by a Strategic Director, having taken advice from the Chief Finance Officer. The certification of expenditure in support of a grant claim may only be authorised by the Chief Finance Officer or his nominee.	A & B
<b>4.5</b>	<b>Controlling Expenditure and Income</b>	
4.5.1	Each Service Director is responsible for:	A & B
	<ul style="list-style-type: none"> <li>i. Managing the cost of each service within the provision contained within a controllable budget line, or taking action described in para 4.5.5 to manage unexpected pressures. Any on-going overspends or under-recoveries that occur will require authorised virements to be agreed for the following year's budget;</li> <li>ii. Ensuring that their total controllable budget is not over-spent in total; this is the key control on which budget management is based;</li> <li>iii. Making reasonable endeavours to ensure that demand led budgets are not over-spent.</li> </ul>	
4.5.2	Each Service Director is responsible for ensuring that there is a nominated Cost Centre Manager responsible for controlling each part of his/her total controllable budget. As far as Area Based Grant is concerned specific budgets should be allocated to Designated Service Budget Holders by Theme Delivery Lead Officers. Responsibilities for financial management of ABG are set out in the Local Area Agreement Financial Framework Guidelines (LAAFFG) document.	A & B
4.5.3	When nominating Cost Centre Managers, Service Directors shall align budgetary accountability with managerial responsibility for use of resources as closely as possible.	A & B
4.5.4	Cost Centre Managers are responsible for ensuring that controllable budget lines (or part thereof) for which they are responsible are not over-spent (or under-recovered) and are accountable to their Service Directors (through normal line management arrangements) in this regard.	A & B
4.5.5	When it appears that a controllable budget line will be over-spent, or (in respect of a net income budget) under-recovered, the following action is available:	A, B & C
	<ul style="list-style-type: none"> <li>i. to reduce expenditure or take action to increase income;</li> <li>ii. to re-direct resources within a controllable budget line or vire</li> </ul>	

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	resources from another controllable budget line;	
	iii. to make use of funds in carry forward reserves	
4.5.6	Service Directors do not have the authority to vire resources or use reserves if this would result in a change of Council policy.	A & B
4.5.7	Cabinet has authority to vire sums between controllable budget lines or make use of funds in carry forward reserve up to a maximum determined by the Council when approving the budget and policy framework (or part thereof).	A & B
4.5.8	Service Directors have delegated authority:	A & B
	i. to re-direct resources within a controllable budget line for which they are responsible, without limit;	
	ii. to vire funds between controllable budget lines up to £100k, provided that they obtain the written agreement of the other relevant Service Directors where appropriate..	
	iii to use funds in carry forward reserves up to £100k.	
4.5.9	Under LAAFF guidelines delegation for redirecting resources within controllable budget lines is given to Thematic Delivery Group Chairs.	A & B
4.5.10	Strategic Directors (acting collegiately) have delegated authority to vire resources between controllable budget lines up to £500k.	A & B
4.5.11	Cabinet may authorise in year changes to the budget to the extent agreed by Council each year. Currently Cabinet may authorise the addition, deletion or virement of sums within the budget up to a maximum of £2m (either one-off or per annum) for a single purpose.	A & B
4.5.12	A virement may be one-off (i.e. transferring resources within a specific financial year only) or continuing (i.e. transferring resources ad infinitum with effect from a specific financial year).	A & B
4.5.13	No virement may take place to or from a demand led budget.	A & B
4.5.14	Demand led budgets shall be increased or reduced during the course of the year, to make them equal to estimated expenditure at the end of the year. At the end of the year, demand led budgets shall be increased or reduced to equal outturn expenditure	A & B
4.5.15	The requirement not to over-spend the total controllable budget is a key control. Where necessary, Service Directors shall recommend changes to policy to ensure that budgets are not overspent.	A & B
<b>4.6</b>	<b>Reserves</b>	

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4.6.1	Cabinet may create earmarked reserves for specific purposes. Contributions may be made to such reserves:	A & B
i.	by utilising budget provisions approved for that purpose;	
ii.	by means of virement, to which the normal controls apply;	
iii.	by transferring resources from a carry forward reserve (see below).	
4.6.2	Such reserves may be spent only on the purpose for which they are created. If they cease to be required, the relevant Service Director shall report to Cabinet recommending that the reserve be dissolved, and making proposals for use of any money held in the reserve.	A & B
4.6.3	A carry forward reserve shall be created by each Service Director.	A & B
4.6.4	At the end of each year, resources shall be transferred to each Service Director's carry forward reserve equal to the amount by which there is an under-spend on that Service Director's total controllable budget.	A & B
4.6.5	If, notwithstanding the prohibition on overspending, a total controllable budget is overspent, the amount of overspend shall be deducted from the relevant carry forward reserve (which may, as a consequence, become overdrawn).	A & B
4.6.6	Service Directors may use sums held in carry forward reserves for such purposes as they see fit, up to the maximum amount set by Cabinet for virement. Cabinet may approve use of sums held in carry forward reserves up to the maximum amount set by the Council for virement at Cabinet's discretion.	A & B
<b>4.7</b>	<b>Monitoring Expenditure</b>	
4.7.1	Each Service Director shall ensure there is a framework for monitoring controllable budgets, which complies with guidelines given by the Chief Finance Officer.	A & B FM2
4.7.2	These frameworks must ensure that Cost Centre Managers and Designated Service Budget Holders receive adequate information and training to enable them to control those parts of the budget for which they are responsible. <b>See new draft FPN on CCM training etc.</b>	A & B
4.7.3	The Chief Finance Officer shall periodically report progress on implementation of the budget to Cabinet and the Performance & Value For Money Select Committee, together with associated performance measures.	A & B
4.7.4	Each Service Director shall report progress on the implementation of the budget for which he/she is responsible to the Chief Finance Officer, in such manner and to such timescales as the Chief Finance	A & B

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	Officer specifies for the purposes of compiling the above report.	
4.7.5	Cabinet shall hold Service Directors to account for their management and use of resources and may seek explanatory information from Service Directors as it sees fit.	A & B
4.7.6	The Performance and Value For Money Select Committee may seek further explanation from any Service Director as it sees fit, or refer any matter to Cabinet for its consideration.	A & B
<b>4.8</b>	<b>Reporting the Outturn</b>	
4.8.1	The Chief Finance Officer shall report the revenue outturn to Cabinet and to the Performance & Value For Money Select Committee, as soon as practicable after the end of the financial year, together with appropriate performance measures.	A & B
4.8.2	Each Service Director shall supply such information and explanations to the Chief Finance Officer as is requested for the purposes of this report.	A & B
4.8.3	Cabinet shall hold Service Directors to account for their management and use of resources during the course of the year and may seek further information from Service Directors as it sees fit.	A & B
<b>4.9</b>	<b>Changes in Policy</b>	
4.9.1	Service and Strategic Directors are responsible, in consultation with the appropriate Cabinet Member if necessary, for determining whether a proposed virement or use of resources would give rise to a change in Council policy	A & B
<b>TRADING ORGANISATIONS</b>		
<b>4.10</b>	<b>Definitions</b>	
	For the purpose of this part of this section of the Rules, the following definitions shall apply.	B
	i. a <b>trading organisation</b> is an internal trading organisation to which these Rules apply as determined from time to time by Cabinet;	
	ii. a <b>retained surplus</b> is a trading surplus earned by a trading organisation which they are permitted to retain under these Finance Rules; For Housing Maintenance 100% of any surplus can be retained. For all other trading units 50% of any surplus can be retained. Exceptions will be determined by Cabinet from time to time.	
	iii. A <b>quasi contractual arrangement</b> is a formal documented	

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relationship between a Council Department and a trading organisation which, if the relationship was between the Department and an outside body, would constitute a contract and which details all the matters between the parties which would be covered by a contract.

**4.11 General**

4.11.1 Rules in sections 4.10 to 4.17 apply to internal trading organisations to which Cabinet determines they should apply. Other parts of the Authority's budget shall be managed in accordance with the Rules in Sections 4.1 to 4.9 above.

B

**4.12 Budget setting**

4.12.1 Prior to the beginning of each year, the relevant Service Director shall set a budget for each trading organisation in accordance with a time scale and guidance given by the Chief Finance Officer.

B

4.12.2 Arrangements for supplying work to Council departments, and charging for such work, shall be made prior to the beginning of each year following consultation with client Service Directors.

B

4.12.3 Charging arrangements shall ensure there is no element of cross subsidy between HRA and general fund services, to the extent that this is practicable.

B

4.12.4 The budget for each trading organisation shall be approved by the Cabinet, on the basis of a joint report of the Service Director and Chief Finance Officer. Such reports shall also propose policies in respect of the use of any retained surpluses of the organisation.

B

**4.13 Accounting records**

Accounts of trading organisations shall be kept in accordance with legislation, statements of accounting practice issued by CIPFA, and other instructions issued by the Chief Finance Officer.

B

**4.14 Budget Management**

4.14.1 Service Directors responsible for trading organisations shall ensure that each organisation achieves its budgeted return.

A & B

4.14.2 Where it appears that the budgeted return is not going to be achieved, the relevant Service Director shall advise the Chief Finance Officer and take appropriate action. He/she should make recommendations to Cabinet as necessary. The following action is available:

A & B

- i. to reduce the costs of the organisation;
- ii. to seek alternative sources of income;

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<ul style="list-style-type: none"> <li>iii. to supply additional chargeable work in accordance with arrangements set prior to the beginning of the year (see above);</li> <li>iv. to reduce the budgetary return of the organisation (this will usually involve creating a deficit budget).</li> </ul>	
<p>4.14.3 Where action (iv) is to be taken, the relevant Service Director is responsible for finding compensating savings within a controllable budget for which he/she is responsible. Where the level of savings required is greater than the threshold for virement approved by Cabinet, the approval of Cabinet (or, as the case may be, the Council) is required.</p>	A & B
<p>4.14.4 Notwithstanding the above, where it appears that a budgeted return is not achievable, a Service Director may decide to take no action, provided that failure to achieve the budgeted return can be accommodated within the department's aggregate retained surpluses from previous years.</p>	A & B
<p>4.14.5 The Chief Finance Officer shall report part year and full year trading results of each trading organisation, and Service Directors shall ensure that information is provided as required.</p>	A & B
<p><b>4.15 Surpluses</b></p>	
<p>4.15.1 Each Service Director may retain such proportion of the aggregate surplus of his/her trading organisations as Cabinet shall specify under this Rule.</p>	A & B
<p>4.15.2 Retained surpluses may be used, subject to approval of a business case by Cabinet:</p> <ul style="list-style-type: none"> <li>i. to fund capital expenditure which promotes business objectives subject to the normal Finance Procedure Rules on approval of capital expenditure;</li> <li>ii. to make other improvements in the efficiency of the business, or to incur restructuring costs (e.g. severance payments);</li> <li>iii. to manage adverse trading results in subsequent years to the year in which the surpluses were achieved;</li> <li>iv. to make reductions in subsequent years' charges to customers.</li> <li>v. to offset deficits elsewhere in the host department.</li> </ul>	A & B
<p>4.15.3 Where a single Service Director is responsible for more than one trading organisation, the retained surpluses of each may be pooled</p>	A & B

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and used for the purposes discussed above in respect of any of the organisations.

**4.16 Other**

Cabinet may determine at any time that the above rules shall cease to apply to any trading organisation, on the basis of a report from the Chief Finance Officer. In such circumstances, retained surpluses (or, where these have been pooled, such proportion of retained surpluses as the report shall identify) of the organisation shall be added to corporate reserves.

A & B

## CAPITAL PROGRAMME

### 5.1 Definitions

In this section of Finance Procedure Rules :

**Service Resources** are such capital resources as the Council may determine when it approves the capital programme.

**Corporate Resources** are all capital resources other than service resources, and include unsupported borrowing.

**Spend to Save Schemes** are those schemes where up front capital investment will lead to ongoing revenue savings or a significant receipt in later years. The schemes must be self-financing in accordance with the statement of rules relating to such schemes.

The **Capital Programme** is the Councils' planned level of spending on all capital schemes.

**Programme Areas** are groups of capital schemes within which the Council permits Service Directors to reallocate resources, as determined by the Council when it approves the capital programme.

### 5.2 Capital Programme

5.2.1 The Chief Finance Officer is responsible for recommending a capital programme to Cabinet each year. The Chief Finance Officer may recommend the programme as a whole, or authorise individual Strategic or Service Directors to recommend parts of programme on the basis of a joint report. Capital programmes should be recommended to Cabinet before the start of the financial year to which the programme relates. The Chief Finance Officer (or Director as the case may be) shall seek the views of the Overview & Scrutiny Management Board prior to reporting to Cabinet.

A & B

5.2.2 Prior to inclusion in the capital programme Service Directors are required to carry out detailed cost estimates of schemes to the satisfaction of the Chief Finance Officer.

A & B

5.2.3 Cabinet shall recommend a capital programme to Council each year on the basis of one or more reports referred to in paragraph 5.2.1. The programme may be for one or more years.

A & B

5.2.4 When (or prior to) submitting a capital programme to Cabinet, the Chief Finance Officer (or Director as the case may be) shall identify the following:

A & B

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- The revenue consequences of any unsupported borrowing.
- The revenue consequences of any schemes apart from the cost of borrowing.
- The extent to which borrowing is affordable, sustainable and prudent with reference to such indicators as the Chief Finance Officer believes appropriate.
- The extent of any pre-commitment of capital resources in years beyond the plan.
- The Service Director responsible for the management of each scheme.
- The gross cost of each scheme, and the net cost after deducting any specific funding.
- Schemes which are significant, being those for which it is expected that outcomes will be reported.
- The expected outcomes for significant schemes.
- The extent to which any schemes are grouped into programme areas.

### 5.3 Additions and Amendments to Capital Programme

5.3.1 Directors can add schemes to the capital programme provided the total cost of a new scheme is below an amount agreed by Cabinet (the “lower decision limit”) and totally funded from service resources. Such additions can only be made after consultation with the relevant Cabinet Member and will be reported to Cabinet as part of the next capital monitoring report (see paragraph 6).

A & B

5.3.2 Directors can amend the approved programme by:

A & B

- a. transferring resources within programme areas; such amendments will be reported to Cabinet as part of the next capital monitoring report, or
- b. viring resources between schemes in their approved capital programme, or by using additional service resources, provided any increased costs or virement are below the “lower decision limit”. Such amendments can only be made after consultation with the relevant Cabinet Member and will be reported to Cabinet as part of the next capital monitoring report.

5.3.3 Cabinet may add any scheme to, or amend any scheme in, the capital programme on the basis of a report of a Service or Strategic Director or Chief Finance Officer up to a limit determined by Council (the “higher decision limit”). Such a report shall identify the same issues as identified in paragraph 5.2.4.

A & B

5.3.4 Additions or amendments above the higher decision limit need approval of Council, other than transfers within programme areas discussed above.

A & B

5.3.5 Spend to save schemes may be added to the capital programme in accordance with the following:

A & B

- Bids to be funded by additional borrowing to be approved by the Chief

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Finance Officer, in consultation with the Cabinet Member for Finance, for schemes up to the “lower decision limit” referred to in paragraph 5.3.1, provided such schemes comply with rules determined by the Chief Finance Officer.

- Bids for schemes above the lower limit but below the higher decision limit must be approved by Cabinet.
- Bids over the higher decision limit must be approved by Council.

The Chief Finance Officer shall maintain a statement of rules for spend to save schemes which shall identify the basis on which they may be approved and arrangements by which departments are expected to pay for the borrowing costs. All spend to save schemes must comply in full with the statement of rules.

5.3.6 The Chief Finance Officer shall determine how controllable budgets are charged for any projects that are funded by non-supported capital borrowing in respect of capital consumption and interest.

A & B

5.3.7 The approval process for additions and amendments to the capital programme is summarised in the table below:

A & B

	<u>Below Lower Decision Limit (£250k)</u>	<u>Between Lower &amp; Upper Limit</u>	<u>Above Upper Decision Limit*1</u>
Changes to programme:-			
- within programme areas	Directors	Directors	Directors
- between programme areas	Directors	Cabinet	Council
Increase in programme:-			
- funded by services resources	Directors	Cabinet	Council
- funded by corporate resources	Cabinet	Cabinet	Council
New spend to save schemes	C FO	Cabinet	Council

\*1 Currently £5m, but determined each year by Council.

5.3.8 When approving the higher decision limit, the Council may specify other conditions or restrictions on Cabinet’s ability to change the capital programme.

A & B

#### 5.4 Incurring expenditure

5.4.1 Inclusion in the capital programme conveys permission to spend on programme fees. It also conveys permission to spend on all other costs provided:

B

- A decision on the details of the scheme is not reserved to Cabinet.
- The total cost is within the scheme approval (which may have been amended under paragraph 5.3 above).

Incurring of all such expenditure is subject to Contract Procedure

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Rules.	
5.4.2 No expenditure may be incurred on a scheme funded by grant, additional supported borrowing or third party contributions without specific written confirmation of these resources.	B
<b>5.5 Costs increases</b>	
5.5.1 Service Directors are responsible for ensuring that each scheme is completed on time, in accordance with its objectives and within the approved capital programme provision.	A & B
5.5.2 Once a scheme has been properly approved but looks likely to overspend or has overspent the following courses of action are available: <ul style="list-style-type: none"> <li>• Reduce expenditure on the scheme.</li> <li>• Amend the capital programme, subject to such approvals as may be required under paragraph 5.3.</li> </ul>	A, B & C
<b>5.6 Capital Monitoring</b>	
5.6.1 Service Directors are responsible for ensuring that there are proper arrangements within their service areas for monitoring physical and financial progress of capital schemes.	A & B FM7
5.6.2 The Chief Finance Officer shall periodically report progress on the capital programme and the outturn position to the Cabinet and Performance & Value For Money Select Committee. Service directors shall supply such information as maybe required for the preparation of this report.	A & B
5.6.3 The Chief Finance Officer will include monitoring information in relation to the approved Prudential Indicators in the capital monitoring report together with performance outcomes.	A & B
5.6.4 The Performance and Value For Money Select Committee may seek further information on the performance of individual schemes from Service Directors or refer matters to Cabinet for further consideration as they see fit.	A & B
<b>5.7 Carry forward of resources</b>	
5.7.1 Any corporate resources unspent at the end of the financial year will be carried forward to future years unless Cabinet determines otherwise, after consideration of the outturn position.	
5.7.2 Any service resources unspent at the end of the financial year may be carried forward provided it is possible to do so.	A & B
<b>5.8 Capital receipts</b>	

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5.8.1	The Service Director (Property) and the service director for housing are responsible for achieving capital receipts required to finance the capital programme.	A & B
5.8.2	The Chief Finance Officer shall report the capital receipts received in the year to Cabinet and Performance and Value For Money Select Committee as part of the capital expenditure outturn report.	A & B

<b>TREASURY MANAGEMENT</b>	
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## **6.1 General**

- 6.1.1 All Treasury Management activities will be conducted in accordance with the Authority's Treasury Management Policy as approved from time to time by Cabinet and CIPFA's "Code of Practice for Treasury Management in Local Authorities" which the Authority has adopted. In any circumstances where the two conflict the Authority's policy shall take precedence.
- 6.1.2 The Chief Finance Officer shall review and seek Council approval, to a revised Treasury Management Policy at least every 3 years.
- 6.1.3 The performance of the Treasury Management function shall be reported periodically to the Cabinet Member for Finance and the Performance & Value For Money Select Committee.

## **6.2 Loans**

- 6.2.1 All borrowing shall be undertaken by the Chief Finance Officer. Strategic and Service Directors do not have authority to borrow money. A & B
- 6.2.2 At the beginning of each year, the Chief Finance Officer shall seek the approval of Council to a Treasury Strategy for the year. The Strategy, which shall comply with the approved policy, shall identify the Authority's strategy for borrowing and lending during the financial year.
- 6.2.3 The Chief Finance Officer is responsible for ensuring that loans are effected in the Authority's name to meet the needs of the Authority on the most economic terms. All borrowing shall comply with the Council's Treasury Strategy.
- 6.2.4 The Authority's Register of Stock, Bonds and Mortgages shall be the Chief Finance Officer unless otherwise approved by the Cabinet in respect of any specific debt, and the Chief Finance Officer is responsible for maintaining records of money borrowed by the Authority.

## **6.3 Leasing of Assets**

- 6.3.1 This sub-section of the Council's Finance Procedure Rules applies to all leasing of assets other than land and buildings.
- 6.3.2 The Chief Finance Officer is responsible for securing agency status where necessary for the acquisition of leased assets with a financial company or broker, and shall from time to time make arrangements to lease various assets required by the Council where this is financially advantageous or where such assets can be acquired by means of an operational lease. The Chief Finance Officer shall comply with the relevant Contract Procedure Rules and Finance Procedure Rules when securing company or broker or when leasing assets. Except where B

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<p>specified below the Chief Finance Officer shall:</p> <ul style="list-style-type: none"> <li>i. arrange all leases of assets entered into by the Authority;</li> <li>ii. negotiate all lease extensions and terminations;</li> <li>iii. negotiate arrangements with lessors for the disposal of unwanted assets;</li> <li>iv. advise the Council on the financial implications of any leasing;</li> <li>v. maintain records of all leases entered into by the Authority.</li> </ul>	
<p>6.3.3 Service Directors may request the Chief Finance Officer to arrange leases for specific items. Strategic and Service Directors are not permitted to negotiate or enter into leases except in the following circumstances:</p> <ul style="list-style-type: none"> <li>i. short term lease or hire arrangements for a period of one year or less;</li> <li>ii. leases for specialist equipment where the Chief Finance Officer has agreed that such leases can be entered into without further reference to him/herself.</li> <li>iii. arrangements for leases of equipment which are inclusive of a specialist repair and maintenance contract.</li> </ul>	<p>A &amp; B</p>
<p>6.3.4 Where Service Directors enter into leases under the provisions of the above regulation, they may also terminate or extend such leases after consultation with the Chief Finance Officer.</p>	<p>A &amp; B</p>
<p>6.3.5 Service Directors are responsible for the following in respect of leased assets:</p> <ul style="list-style-type: none"> <li>i. establishing appropriate insurance arrangements for leased assets;</li> <li>ii. receipt of goods / assets to be leased;</li> <li>iii. recording leased assets on departmental inventories of assets in accordance with Finance Procedure Rules on financial administration;</li> <li>iv. ensuring assets are safeguarded during the period of the lease, and complying with all obligations under the lease in respect of the asset;</li> <li>v. notifying the Chief Finance Officer of the loss of any leased asset;</li> <li>vi. arranging the disposal of unwanted leased assets in accordance with the lessor's instructions at the expiry of a lease.</li> </ul>	<p>A &amp; B</p>
<p>6.3.6 Service Directors shall not dispose of any assets during the period of a lease without consulting the Chief Finance Officer, and shall be responsible for meeting costs of any early termination or similar charges.</p>	<p>A &amp; B</p>
<p><b>6.4 Investments</b></p>	
<p>6.4.1 At the beginning of each financial year, the Chief Finance Officer shall</p>	

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<p>seek the approval of Council to an annual investment strategy for that year.</p> <p>6.4.2 The Chief Finance Officer shall make arrangements for the investment and management of all of the Authority's cash balances (including schools except where they opt out) in accordance with the Annual Investment Strategy, except in respect of any specific cash balances where other arrangements are approved by the Cabinet.</p> <p>6.4.2 All investments under the control of the City Council shall be made in the name of the Authority unless otherwise agreed by Council in respect of any specific investments.</p>	
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## INTERNAL AUDIT

### 7.1 General

The primary role of the Internal Audit Service is to objectively examine, evaluate and report on the adequacy of the Council's internal control environment as a contribution to the proper, economic, efficient and effective use of resources and the management of risk. Internal Audit also advises on, carries out and directly supports investigations into suspicions of fraud or financial irregularity.

A & B

Provision of an adequate and effective system of Internal Audit is the responsibility of the Council under Regulation 6 of the Accounts and Audit Regulations 2003 as amended by the Accounts and Audit (Amendment) (England) Regulations 2006. The Council has delegated this function to the Chief Finance Officer, who shall provide an Internal Audit Service to the City Council in accordance with statutory requirements and professional standards. This latter requirement is met by virtue of compliance with the Code of Practice for Internal Audit in Local Government in the United Kingdom, issued by CIPFA in 2006.

### 7.2 Audit Planning and Reporting

7.2.1 The Head of Audit & Governance shall prepare and agree with the Chief Finance Officer an Annual Audit Operational Plan which will set out the intended work of Internal Audit over the coming year. The plan shall be based on an objective assessment of need arising from an analysis of risk and shall be approved, but not directed, by the Audit Committee. Irrespective of its means of delivery, every process, service and activity falling within the City Council's responsibility shall be subject to the City Council's system of internal audit.

A & B

7.2.2 The views of Strategic Directors shall be sought about which activities are to be included in the plan as being in need of audit.

A & B

7.2.3 Work outside the plan may also be specially commissioned basis, at the request of a Strategic or Service Director. Any such reviews shall be risk-assessed by Internal Audit and only undertaken if the risks involved justify the audit work necessary.

A & B

7.2.4 Internal Audit shall at all times conduct its work in accordance with the *Code of Practice for Internal Audit in Local Government*, issued by CIPFA in 2006. Internal Audit shall also abide at all times by the requirements of the Council's Internal Audit Charter.

A & B

7.2.5	<p>For the purposes of carrying out an audit or investigation, Internal Auditors are authorised to:</p> <ul style="list-style-type: none"> <li>i. have access at all times to any City Council premises and property;</li> <li>ii. have access to all data, records, documents and correspondence relating to any financial or any other activity of the City Council;</li> <li>iii. have access to any assets of the City Council;</li> <li>iv. require from any member, employee, agent, partner, contractor or other person engaged in City Council business any necessary information and explanation.</li> </ul>	A, B & C
	<p>These rights of access include access to relevant records (whether electronic or otherwise) held by service providers. They apply to Council services provided under contracts and partnership arrangements of all kinds including joint and pooled arrangements. This right of access shall be incorporated within all relevant contract or service agreement documents involving City Council services provided other than internally. It applies to all internal auditors legitimately engaged on Leicester City Council Internal Audit business, whether they are employees of Internal Audit or are provided under an authorised agency or other contract or partnership.</p>	A, B & C
7.2.6	<p>Internal Audit shall remain at all times free from undue influence or other pressure affecting its actions and reporting.</p>	A, B & C
7.2.7	<p>Internal Audit shall report in its own name to the Chief Finance Officer. The Head of Audit &amp; Governance has the right to report directly to the Chief Executive or the Council (through the Audit Committee or the Cabinet) if, in his opinion, there are matters of concern that could place the Council in a position where the risks it faces are unacceptable</p>	A & B
7.2.8	<p>From time to time, the Head of Audit &amp; Governance shall report to the Audit Committee on progress made in delivering the Internal Audit Operational Plan.</p>	A & B
7.2.9	<p>Implementation of the recommendations made in internal and external audit reports shall be monitored by the Audit Committee. Strategic and Service Directors are accountable to the Audit Committee for ensuring that appropriate action is taken in accordance with those recommendations.</p>	A & B
7.2.10	<p>The Chief Finance Officer shall report annually to the Audit Committee on the provision of the Internal Audit service. In addition, the Chief Finance Officer shall report to the Audit Committee on the annual review of the effectiveness of the Council's system of internal audit, as required by the Accounts &amp; Audit Regulations 2003 (as amended in 2006).</p>	A & B

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<p><b>7.3 Service Directors' Responsibilities in respect of financial control and irregularities</b></p>	
<p>7.3.1 All Service Directors shall maintain proper financial controls in financial systems operated within their area of responsibility (see section 2 of these rules) and shall be responsible for the prevention, detection and resolution of fraud and irregularities.</p>	<p>A &amp; B</p>
<p>7.3.2 Service Directors shall cooperate fully at all times with Internal Audit and ensure that Internal Audit can properly fulfil its role. Any disputes or non-cooperation may be referred to the Chief Finance Officer and ultimately the Audit Committee for resolution.</p>	<p>A &amp; B</p>
<p>7.3.3 Immediately any actual or potential financial irregularity affecting the Council is known or suspected, the appropriate Strategic or Service Director shall inform the Head of Audit &amp; Governance, make proposals in respect of any further investigation that may be required (and the extent of any support required from Internal Audit) and make proposals in respect of other action to be taken.</p>	<p>A, B &amp; C</p>
<p>7.3.4 If the proposals are acceptable to the Chief Finance Officer, Strategic and Service Directors shall carry out the proposed actions. Otherwise, alternative proposals shall be made.</p>	<p>A &amp; B</p>
<p>7.3.5 Strategic and Service Directors are responsible for taking appropriate action on receipt of recommendations from Internal Audit, either as a consequence of a planned or specially commissioned review or an investigation into a suspected fraud or financial irregularity.</p>	<p>A &amp; B</p>
<p><b>7.4 Investigations</b></p>	
<p>7.4.1 The Chief Finance Officer shall ensure that every case where there are grounds for suspicion of fraud or financial irregularity is considered, and that proposals for action (where appropriate) are made by Strategic or Service Directors. The Chief Finance Officer reserves the right to investigate any suspected fraud or irregularity via the Internal Audit Service.</p>	<p>A &amp; B</p>
<p>7.4.2 All action taken shall comply with the Council's Anti-Fraud and Corruption Policy Statement and Prosecutions Policy as adopted and approved by the Audit Committee.</p>	<p>A &amp; B</p>
<p>7.4.3 In respect of investigations into suspected Housing and Council Tax benefits fraud, the Chief Finance Officer, or another person authorised by the Chief Finance Officer for this purpose, shall have full discretion to determine the appropriate course of action, including referral to Legal Services or the Police for consideration of prosecution.</p>	<p>A &amp; B</p>

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7.4.4 In all other cases, referral to the Police shall only be made after full consultation with the appropriate Strategic or Service Director and the Chief Monitoring Officer.	A & B
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## 8. DOCUMENT RETENTION

Officers and members must comply with the Authority's current Document Retention and Disposal Policy.

This can be viewed by clicking on the hyperlink below

<http://intranet/attachments/568/LCC%20Retention%20and%20Disposal%20Policy%20Dec%20'04.doc>

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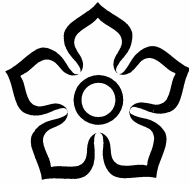


# BUDGET 2009/10: CONTROLLABLE BUDGET LINES

Appendix B

<b>Chief Executive &amp; Partnership office</b>
Chief Executive & support Partnership office
<b>Children and Young People's services</b>
Directorate Learning services Access, inclusion and participation Safeguarding & family support Transforming the Learning environment Strategic planning, commissioning and performance, PRC contingency and departmental budgets
<b>Note:</b> Delegated Schools Budgets, managed by schools under the Local Management of Schools provisions, and the LMS and the Education Support contingency budgets are all now funded from the Dedicated Schools Grant. These budgets are managed separately within a ring-fenced schools funding block.
<b>Resources</b>
Management & Corporate Information services Legal services Financial services Democratic services Business improvement Property services
<b>Regeneration &amp; Culture</b>
Cultural services Environmental Services Economic regeneration, planning and policy Highways and transport Directorate and Resources
<b>Adults &amp; Housing</b>
Older people Community care (Adults) Safer and Stronger communities Private sector housing, Housing Options and Energy Team Hostels, Housing benefits and Tenancy support Policy, management ,commissioning & support & miscellaneous service provision
Housing Benefit Payments





Leicester  
City Council

**WARDS AFFECTED:  
ALL WARDS**

**CABINET** **9 MARCH 2009**  
**PERFORMANCE & VALUE FOR MONEY SELECT COMMITTEE** **9 APRIL 2009**

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## **ASSET MANAGEMENT & PROPERTY PORTFOLIO PERFORMANCE**

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### **Report of the Interim Service Director Property**

#### **1. Purpose of Report**

- 1.1 The purpose of this report is to inform Members about current developments in Asset Management Planning, and the performance of the property portfolio including the level of required maintenance and progress to address it. An annual report is regarded both as good practice and a requirement for the annual Use of Resources assessment.

#### **2. Summary**

- 2.1 A sustainable portfolio, fit for purpose, is the ideal for all local authorities and is a key objective to support the delivery of services to the city's communities. The report shows how through Asset Management Planning, officers have assessed what needs to be done and have a clear agreed strategy to get there, with a performance framework to measure and monitor progress. It shows how property is being kept an integral part of developing agendas of improvements in service delivery. The Council has achieved Level 4 grade for Asset Management in the annual Use of Resources Comprehensive Performance Assessment for 2006-07, and has been put forward as Level 4 for 2007-08. Asset Management is the only area of the Council's activities to be awarded Level 4, the highest grade, and is a tribute to staff throughout the Council who are involved with property.

#### **3. Recommendations**

It is recommended that Cabinet note the contents of the report and supports the ongoing development of Asset Management Planning in support of One Leicester and jointly with other partners where appropriate.

## **4. Report**

### **Asset Management Plans (AMP)**

- 4.1 Asset Management Planning can be very simply described as processes and activities to effectively and efficiently manage property assets to support the maintenance and improvement of service delivery across the Council. Key activities include the acquisition, disposal, and management of property assets, together with maintenance, improvement, and regeneration. Its purpose is to enable the council to manage its assets more effectively and thereby drive forward improvements in service delivery, and it does this by linking service planning to capital strategy and performance measurement, thereby enabling the Council to meet future accommodation needs, programme property reviews and target resources. One Leicester corporate priorities will drive the future shaping of the portfolio in exactly this way.
- 4.2 Asset Management Plans have been produced annually from 2000 until 2005. The first two plans had to be approved by the Government Office for the East Midlands (both were approved as "good" – the highest rating). For the next plan Government required the reporting of only core data from performance indicators. From 2004 the basic core data was no longer required to be submitted but the AMP remains an essential Corporate Strategy of the Council, and asset management is assessed as part of the use of resources assessment within the CPA. Since 2004, councils have been given freedom by government to adopt a style and format of Asset Management Plans that is more practical and relevant to the local context. External assessment continues with the introduction of Comprehensive Area Assessment.
- 4.3 In 2005 Property Services took the decision to move from the prescriptive process-driven planning layout, into a working electronic document, with an introductory paper giving a simple description of history and progress to date, backed up with greater emphasis on the outputs and key activities of the division. It was produced on a CD with supporting documentary evidence available through hyperlinks. This has proved an invaluable resource, especially for auditors who can now see "evidence" at the touch of a button.
- 4.4 The AMP contains information about the council's organisational arrangements, data management, performance management, monitoring, programming, plans development and implementation, and consultation. It also provides additional evidence required for the CPA Use of Resources assessment criteria, and evidence to meet the RICS criteria for best practice in Asset Management Planning. The CPA assessment also requires an annual report to members on property performance information and in particular the plan to reduce required maintenance.

- 4.5 A council will only attain CPA Level 4 if it can show evidence of “notable practice”, usually defined as leading edge innovation at a national level in asset management. Leicester has achieved Level 4 for the last 2 assessments and is being put forward by the Audit Commission locally for Level 4 again later this year. Notable practice has included work on prioritising maintenance need and DDA expenditure, framework contracts for repair and refurbishment / new build, whole life option appraisal, and assessing suitability and sufficiency of properties.
- 4.6 Discussions are being held with the Audit Commission about the Comprehensive Area Assessment proposals and how best to provide them with evidence they require, as the criteria and assessment methodology are changing.
- 4.7 The AMP for 2009 onwards is currently being updated to reflect the One Leicester priorities, and will be made available on completion.

#### **Joining up the developing agendas with property opportunities**

- 4.8 The Council wishes to maximize its contribution to One Leicester through the corporate objectives in the corporate plan, maximising the use of property whilst minimizing conflicting priorities. There are a significant number of agendas which have implications for property, which are developing within the framework of asset management planning and climate change strategy :-
- Accommodation strategy (Centrally Located Administration Buildings Review)
  - Modernising community centres
  - Integrated service hubs
  - Building Schools for the future
  - Training accommodation
  - Southfields Joint Service Centre
  - Access centres
  - Community transfer of assets
  - The Exchange
  - Waterside and other regeneration initiatives
  - Outcomes from Customer Access Strategy
  - Outcomes from the Libraries Strategy
- 4.9 Property Services are working within all of these initiatives to ensure opportunities are exploited and to resolve competing demands for individual properties.
- 4.10 Information about future intentions is shared in the Leicester Public Sector Property Forum, a meeting which takes place between the senior property officers of the Council, the County Council, Leicestershire Constabulary, University Hospitals of Leicester, NHS Leicester Primary Care Trust, Leicestershire Partnership Primary Care Trust, and the University of Leicester. They have similar issues to the Council, and we are exploring potential options for closer working. Examples of similar issues include: -
- Darzi Review - both PCTs and the University Hospitals of Leicester

- General Property Reviews - Leicestershire Constabulary and Leicestershire County Council.

4.11 To date we have undertaken a joint mapping exercise, sharing information about ownership of properties within the city and county, and mapping all public sector assets, on a layer of MapInfo. This may lead to either sharing accommodation or services being provided by City to County or County to City or with the other agencies. We are discussing the potential of ultimately producing a combined city wide Strategic Asset Management Plan. Specific workshops have been held looking at office space and training accommodation, to explore possible opportunities for sharing or joined up delivery. Separate discussions have started with the County Council to benchmark rented industrial portfolios, possibly to later invite the Districts too.

#### **Delivering service information packs**

4.12 Property Services is currently producing packs of information based on service groups. These consist of four pages per property, using photographs and maps to identify the building, information about location, a page populated by the service area showing usage, costs and suitability / sufficiency, a page about the building, covering the required maintenance, condition, planning issues, and energy consumption, and the last page is a floor plan. The planned Energy in Buildings Surveys and Investment program to be carried out by Energy Services will provide further information on energy saving investment opportunities.

4.13 These are being combined by service area into a booklet with an index, and a summary of the information. This includes comparative graphs (eg required maintenance per square metre, energy consumption per square metre for each building, etc.), allowing us to identify possible triggers for further investigation. Each building is allocated a traffic light of red, amber or green assigned by the service area in terms of its suitability for service delivery.

The priority for rollout is based on services which have predominantly public access in neighbourhoods, or where we anticipate reviews of service. They have proved very popular with Heads of Service who have been enthusiastic to share information with us about their occupancy.

4.14 The service areas being developed currently or on the list include:-

- Community centres
- Libraries
- Elderly Persons' Homes
- Day centres
- Housing offices
- Supporting Tenants And Residents offices
- Sub-offices
- Leisure centres
- Childrens centres (non-schools)
- Healthy living centres
- Estate shops (we intend to group parades of shops at this level, rather than individual shops within the parades.)



- 4.15 Schools, functions on schools sites, or properties where there is no public access will be considered in future.
- 4.16 We record the reasons the Council holds individual properties by assessing their contribution based on the corporate objectives their use supports. We are currently reassessing and recategorising the portfolio to meet the new objectives of One Leicester. This also involves re-casting the portfolio performance indicators and is a major element of work.
- 4.17 The traffic light information and comparative graphing allows us to identify triggers for further investigation. This will either lead to review of occupation of individual properties, or to look at opportunities from clusters of properties in small geographic areas. The chosen colours convert to simple outcome recommendations as below, and are used to inform planning for change :-

Green	Continue to occupy and maintain – business as usual
Amber	Change needed
Red	Empty and dispose of or regenerate

**Working with services to understand potential opportunities from clusters of properties**

- 4.18 The traffic lights referred to above have been mapped onto large-scale maps of the city to identify groups of problem properties, and we have also mapped all public sector assets on four plans covering the entire city at very large scale. We have produced overlays showing information such as areas of deprivation.
- 4.19 Workshops with key Heads of Service, Heads of Property representatives and Forum members have been held to discuss possible opportunities around clusters of lesser performing properties. They also allow us to identify areas where there may be synergies from multi-agency property approaches. We are in the early days of mapping third sector properties, eg where a religious organisation or charity provide community-based services or have rooms available for use. We have been asked to be part of a group lead by the Church looking at the future strategy for church property in the city, and are looking to add their assets to the mapping exercise.
- 4.20 The Board will already be aware of the proposed Southfields LIFT scheme and ongoing work in The Exchange at Eyres Monsell. Further clusters or opportunities for individual properties will be explored as information is gathered with the services.

**Next Steps**

- 4.21 Property Services will continue to gather the information jointly with services and partner agencies and further develop thinking about potential quick wins, possible colocations and other opportunities. A preliminary workshop has been held with the Delivering Excellence team to identify the future property needs of the Council as One Leicester and thereon develop a detailed project plan and timetable for member approval.

**5. From Activity to Achievement**

5.1 Members will gather from the paragraphs above that the council either has or is collecting much useful information. However, it should be remembered that we need to translate the activity of information gathering to the achievement of action, to support One Leicester, Delivering Excellence, in service delivery and regeneration. The examples below will remind members how some council assets have contributed to regeneration achievements. Examples include:-

- Sale of assets to Hammersons to facilitate Highcross.
- Use of assets to facilitate Digital Media Centre and provide site for Curve.
- Disposal of land facilitating De Montfort University development and integral ring road realignment.
- The first stage of the Tigers ground redevelopment facilitated by land sale
- Sale of employment land at Bursom to EP, providing serviced sites for relocation of companies from key regeneration areas. Similarly holding back from sale of Employment land at Barkby Rd and VREE to provide relocation sites.
- Sale of Cobden St property to company relocating from key site in Waterside.

5.2 The above were all implemented through negotiations with relevant parties, in parallel with planning and regeneration considerations, rather than open marketing for maximum financial return. As well as pure physical regeneration assets have been utilised to facilitate other social and economic initiatives:-

- New Charnwood LIFT Scheme
- Development of New Gateway college at Hamilton, also enabling community use agreement for new leisure facilities (Also facilitating freeing of Gateways City Centre site)
- Negotiation of terms in Tigers sale to also meet objectives of Leicester College.
- Land for provision of Danbury Gardens Extra Care facility.

5.3 In the absence of Council assets, it is likely to have proved difficult to negotiate inclusion of private sector assets to produce the above outputs. Other current initiatives involving Council assets, and also helping to locally stimulate the difficult economic climate include:-

- Land for PCT's Equitable Access Centres
- Input of Non Housing land (Tilling Road and Stenson Rd), together with Housing HRA land, assisting current Housing PFI bid
- Land for new Extra Care facility at Conduit St.
- Early discussions on Granby Halls site which may produce outputs for Tigers, University Hospitals and University.
- As residential development land is currently difficult to sell, consideration is being given into shorter term use for Affordable Housing, possibly involving New Growth Point funding. Other bids for NGP funding involve use of assets eg land for bridge and highway proposals in Waterside and Abbey Meadows.

5.4 In the difficult economic times currently being experienced, the ownership of a substantial property portfolio gives the ability for the Council to continue to seek

to promote investment in the city. Cabinet have already approved the principle of working with Blueprint in the Waterside area and at the Science Park and negotiations continue to bring about a redevelopment of the Exchange shopping parade at Eyres Monsell. The Council have always worked closely with other regeneration agencies and the setting up of the new Economic Development Company will provide further opportunity to target the use of property resources to further the ambitions of the city.

- 5.5 The Council has successfully utilised its compulsory purchase powers to enable the Highcross Development and to improve the highway infrastructure at Upperton Road and the use of such powers will remain a valuable tool available in promoting developments with our partners.
- 5.6 Strategic Asset Management and Review of the operational portfolio has released a number of sites surplus to the Council needs which are then available for sale to feed the Capital Programme and to provide opportunities for private sector investment for example South Lodge, Pocklington's Walk and the Mayfield Centre are all properties made available through service changes and marketed for sale. This is an important element in focusing our services in suitable for purpose buildings thereby providing a more streamlined, efficient and effective portfolio.
- 5.7 Generally the ownership and control of assets forming part of various bidding processes helps demonstrate ability to deliver. This has been stressed by consultants assisting in the Housing PFI bid, in that some authorities' bids do not have ownership or control of assets in their bids, something not at all helpful in a competitive bidding process. As we control the land, Leicester's bid is more capable of delivery within realistic timescales, improving its chance of success.
- 5.8 The City Council also owns a substantial number of industrial units, offices, shops and managed work spaces. Although only a small proportion of them are empty, they are available to help businesses in the current climate, eg reducing accommodation costs by downsizing, and in future as premises for the birth and establishment of new businesses.
- 5.9 On an officer level Property Services assist the Planning teams in Regeneration & Culture by appraising development proposals to advise on their viability and scope for provision of Affordable Housing and other planning gain. This is particularly relevant in the current economic climate.

## **6 Strategy to reduce required maintenance**

- 6.1 When production of formal Asset Management Plans started in 1999, one of the requirements was to assess the amount of maintenance backlog, now re-titled "required maintenance". At that stage, although it was known that there was significant backlog, with the exception of schools where external funding had been available, it had not been possible to undertake detailed surveys so initially (following consultation with ODPM) backlog was estimated on the basis of available knowledge through desktop exercises. This established an acceptable baseline from which improvement could be made.
- 6.2 Like most other public sector bodies the Council's maintenance backlog is considerable and with the ever increasing pressure on budgets it is clearly

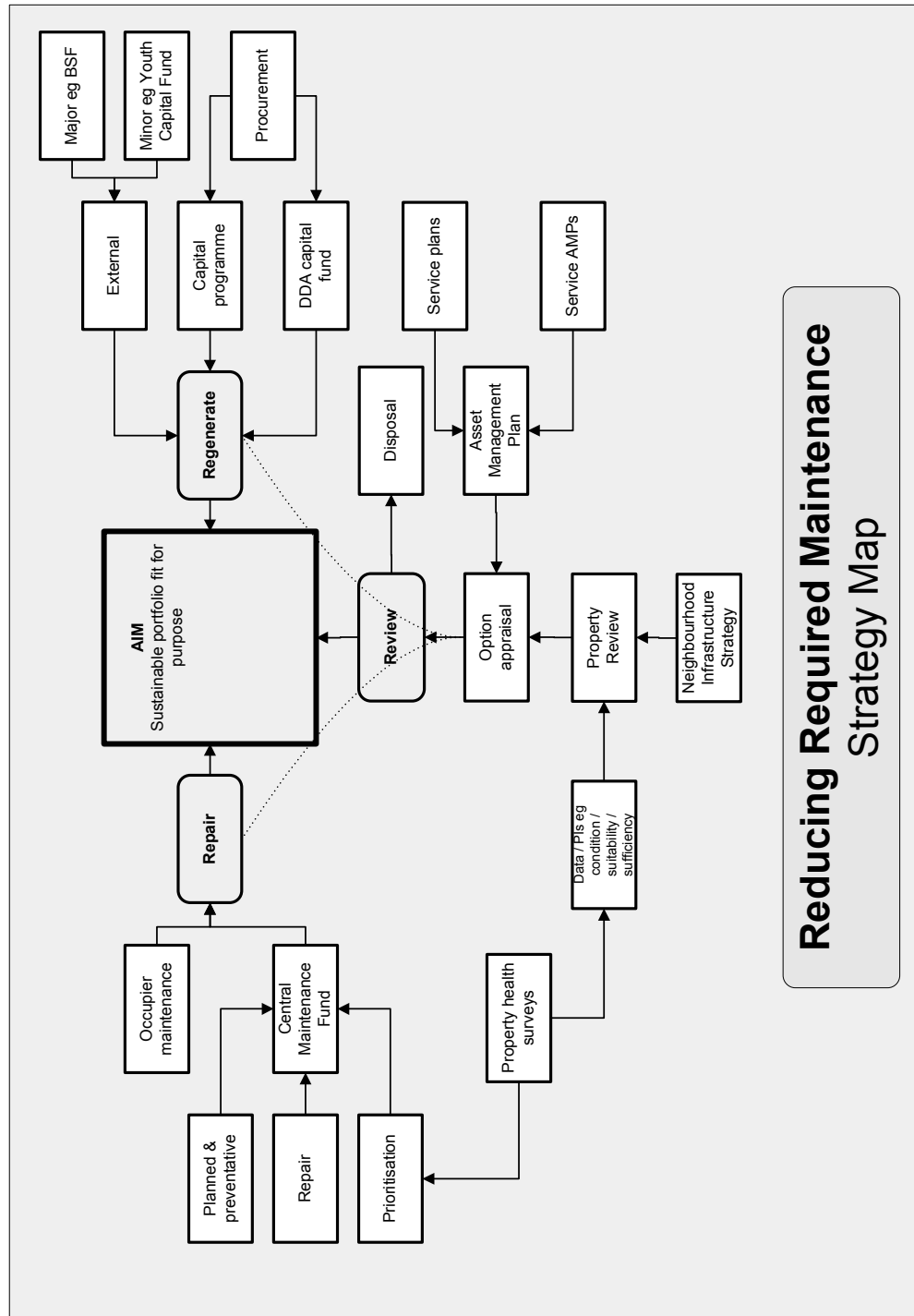
never going to be possible to allocate sufficient funding to carry out all of the repairs. Therefore resources are prioritised to maximise the impact alongside health and safety and future intentions for the service delivery from individual properties.

6.3 The Council's property assets play a vital part in supporting service delivery to our customers. Providing a sustainable portfolio, improving access to and the quality of the environment in which services are delivered for our customers and staff are thus key objectives for the Council.

6.4 A strategy was therefore developed to address the identified maintenance backlog, consisting of three key strands, the 3R's – Review, Repair and Regenerate. (See diagram below).

- Review - members will be familiar with earlier programmes such as “Fewer But Better”, and the Property Efficiency Reviews that are aimed at assessing how efficiently we are using buildings by measuring their performance. A variety of data is considered, including condition, cost, service issues, suitability and sufficiency with a view to improving utilisation, enabling the poorest performing buildings to be disposed of, thus reducing the maintenance backlog and improving efficiency. Reviews continue as information is gathered both on an area basis and for individual properties as cases arise, and also by reviewing different types of property.
- Repair – although we had established a baseline for backlog of maintenance, the next step was to improve the level of detail and the accuracy of the information that would assist us to identify the assets to dispose of and enable us to target more efficiently the resources available to deal with maintenance.

Alongside this we have developed a method by which maintenance works are prioritised. The system involves workshops held jointly between property professionals and the service department representatives to assess the technical recommendations from the health surveys, the future intentions for the building and service delivery, and the needs of the service occupying the building. Scores are assigned to each item of work identified, and thus priorities are assessed. This is matched against available funding through the CMF and developed into programmes of planned works. It is undertaken corporately on an annual basis thus enabling an open and transparent allocation of funding targeted at dealing with the highest priority repair issues in a planned programme.



There will be opportunities to utilise the LCC / Carbon Trust (Salix Finance) LAEF funding for energy efficiency improvements.

- Regenerate - reviewing the properties gives the Council information to decide if properties should be left in their current use and repaired or refurbished, or retained either for use by another part of the Council, or an external agency, or sold thus raising capital receipts. This is currently being informed by One Leicester's accommodation needs as they emerge and the property infrastructure needed in neighbourhoods.

## **7. The level of required maintenance**

- 7.1 The overall maintenance backlog as shown in more detail at Appendix A is estimated at £94.8 million at the end of 2007-2008. Last year it was reported to Cabinet that there was a backlog of £80 million. The increase results from more detailed information about the condition of the properties from the health programme, together with changes to government guidance on definitions and methodologies for interpretation and collection. In the light of this increased clarity, we intend that this year's figure become the accepted baseline for future comparison. The key item to note is the reduction of Priority 1 works, clear evidence of the success of the prioritisation process, ensuring services remain operating and urgent health and safety issues dealt with.
- 7.2 Reduction is anticipated as the 3R's continue to bite. A number of properties have been sold or identified for sale from condition grade D. The most immediate priority works are required to allow continued safe use of the properties, and allows officers to prioritise with scarce resources. But as the diagram shows, the prioritisation decision is not just based on the condition data – the future intentions for service delivery from individual properties, the future shape of the council as a whole, the availability of external funding programmes, all help direct the maintenance spend.
- 7.3 What is clearly identified by the 3R's approach is that the suitable application of maintenance funding is critical and it can take time to resolve issues. The position of New Walk Centre is a very clear example where substantial identified maintenance is required and impacts heavily on the overall backlog. However, substantial expenditure at this time, while reducing the backlog, will not be an effective use of funds until such time as a strategy for the future of the building is developed and implemented. The same principle is established through the strategic asset management planning process and underlies funding decisions.
- 7.4 The maintenance backlog is addressed not only through committed maintenance funding but through other opportunities including BSF, the development of children's centres, and other investments in the built estate which can replace other buildings with new or substantial accommodation and support the regeneration element of the 3R's. Other examples are the New Parks Library, the Southfields joint service centre, and the BRITE centre.
- 7.5 Measuring the actual reduction in the overall portfolio backlog is not easy. As better and more accurate information is obtained, potential problems are often clarified, and new problems continue to be identified as a result of normal wear and tear, thus increasing the total figure. Works tend to increase in priority grades. Looking at individual buildings shows the extent of reduction in backlog, and usually links with other indicators such as the traffic lights and the KPIs.

7.6 Key definitions include Priority and Condition.

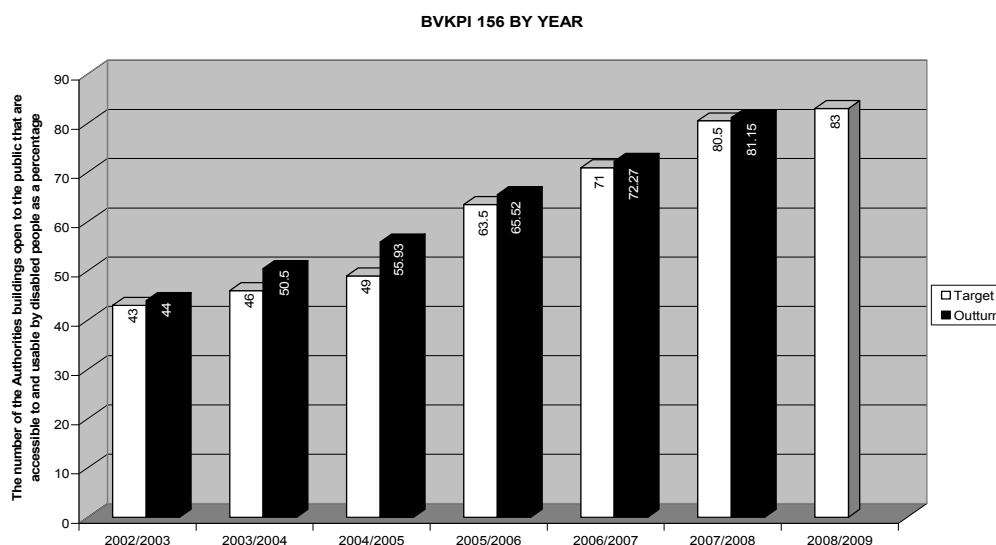
Priority		
1 : <b>Urgent</b> works that will prevent immediate closure of premises and/or address an immediate high risk to the health and safety of the occupants and/or remedy a serious breach of legislation.	2 : <b>Essential</b> works required within two years that will prevent serious deterioration of the fabric or services and/or address a medium risk to the health and safety of the occupants and/or remedy a minor breach of the legislation.	3 : <b>Desirable</b> works required within three to five years that will prevent deterioration of the fabric or services and/or address a low risk to the health and safety of the occupants and/or a minor breach of the legislation

**ODPM  
Condition  
Rating**

<b>A</b>	Good	Performing as intended and operating efficiently
<b>B</b>	Satisfactory	Performing as intended but exhibiting minor deterioration
<b>C</b>	Poor	Exhibiting major defects and/or not operating as intended
<b>D</b>	Bad	Life expired and/or serious risk of imminent failure

7.7 The property health programme, although primarily being used to identify and prioritise maintenance need, and thereby the deployment of the central maintenance fund, is also used to identify the condition information required for the performance indicators. The council uses condition grades and priorities previously defined by ODPM. Our strategy in dealing with the backlog is broadly to look to vacate and selling grade D properties whilst improving those buildings to be retained from grade C to B.

8 Key performance indicators



- 8.1 Property Services collects a range of performance indicators. The division was responsible for only one of the former best value key performance indicators (BVKPI 156 – “The number of the authority’s buildings open to the public and the number that are accessible to and usable by disabled people as a percentage”). Leicester remains a top quartile performer and the chart below shows continual improvement over recent years. In future this disappears as a reportable indicator, but Property Services will maintain it because of its use in judging whether a property is good or not.
- 8.2 The framework for performance management of property through other performance indicators ranges from those measuring the performance of an individual property, to groups of property or the entire portfolio.
- 8.3 Asset Management Planning was originally introduced by government with a prescriptive suite of performance indicators. In 1999 the Council joined with seven other local authorities to form the Octopus benchmarking group to establish how to collect the information required, to benchmark results and thereby inputs, outputs and processes. The members of the group are Leicester, Southampton, Portsmouth, Derby, Coventry, Stoke, Nottingham, and Gateshead. The group established which of the indicators were practical to collect, with results that would be useful for all concerned, and fed back into ODPM to shape continuing developments in performance indicators for Asset Management Planning. The group continues to meet on a quarterly basis at a strategic level and there have been various sub-groups looking at issues such as energy, and repairs and maintenance.
- 8.4 An Octopus sub-group was formed to consider performance indicators, because the suite of indicators changed in 2006. It had been recognised by ODPM, DfES and many councils that some of the indicators were not working well enough to give really useful information, and therefore under the leadership of COPROP (chief officers of local-authority property departments), a new suite was developed. These are called “NaPPMI” (National Property Performance Management Initiative) to distinguish them from the earlier “ODPM” indicators. Although NaPPMI focuses primarily on the same areas, some of the definitions have changed, and therefore the results will not be directly comparable with previous years. 2007 - 2008 was the first year of formal collection for Leicester and Octopus. It was also decided that where practical the previous year would be assessed on the same basis to see if there were any discernable or significant trends. Results for 2009 - 2009 will be more directly comparable when they are available.
- 8.5 Results for the Council and comparison with Octopus Group are given in the tables at Appendix A. Please note that Octopus have agreed not to collect all NaPPMI indicators (which explains why some codes do not flow logically in the appendix suite), and have agreed others that we find useful. Work continues to refine definitions of the indicators to ensure “apple and apple” comparisons. Headline information has been grouped below.



<b>“Good” results</b>	<b>Comment</b>
Improved use of internal floor space in schools, and other land & buildings	Mainly down to relocations in CLABs and ongoing improvements in schools
Average office floor space per member of staff in CLABS decreased from 21 m <sup>2</sup> to 16 m <sup>2</sup>	Reflects the improving use of space through increased open plan and refurbished space
In 06-07 69% of properties were graded as good or satisfactory for suitability. In 07-08 89% were good or satisfactory for suitability.	Shows the benefit of keeping properties under review – and targeting maintenance expenditure by need and future intentions
In 06-07 72% of buildings open to the public were suitable for and accessible by disabled people. This has risen to 81% in 07-08	Achieved through capital expenditure and ensuring individual projects pick up associated access issues within project resources.
100% of the portfolio where open to the public now have Access Audits for disability, and Accessibility Plans in place risen from 95 properties to 174	Success through programmed workload

<b>“Bad” results</b>	<b>Comment</b>
The amount of required maintenance appears to have increased	Property health surveys are giving much more detail than previously identified. Some much smaller buildings associated with larger properties such as sheds at schools etc have been surveyed for the first time. 2007 – 2008 will set the benchmark for all future assessments of required maintenance, and too much significance should not be read into the increase at this stage
Total required maintenance increased from £134 to £143 per m <sup>2</sup>	Since the surveys have taken into account more buildings and therefore increase the m <sup>2</sup> footprint of the portfolio, we need to take the £143 as the benchmark for future use rather than be concerned about the “increase”.
Total spent on maintenance in CLABs has increased but the total spent on maintenance per m <sup>2</sup> has decreased	The anomaly of £ per m <sup>2</sup> spend decrease is explained by the additional m <sup>2</sup> floor space taken on in CLABs
Increased energy and water costs and consumption	Cost predominantly caused by fuel cost increases. Consumption increased due to number of staff and their electronic equipment
Annual property cost per WorkStation has increased by c. £400 / m <sup>2</sup> in CLABs	This reflects the increases in energy, rates, cleaning and other costs

- 8.6 At the time of writing, the 2007-08 Octopus comparator results are unavailable. It has taken some authorities longer to collect and process the data. If the results become available during the journey to Cabinet, analysis will be added to the report.
- 8.7 Usually the information contained provides a useful snapshot of the portfolio and trends. Analysis of previous data results with Octopus colleagues identified a number of issues of interest to all members, and therefore action was taken to better understand differing results. For example, Leicester's results raised questions about net internal area and difficulties obtaining some cost in use information. In order to address this, the Property Health programme is now providing more accurate data based on accurate floor plans. Work is underway interrogating FMIS to establish costs in use, although obtaining accurate costs remains problematic. The Resource Management System presents a significant opportunity to rectify this problem. Suitability and sufficiency surveys of all significant operational property are underway, and new definitions have been agreed by Octopus as part of the adoption of the new NaPPMI indicators. This information combined with other relevant data such as accessibility audits, maintenance records, etc, enables analysis of individual properties to establish opportunities for optimising use, rationalising, and potential disposals.

## 9. **FINANCIAL, LEGAL AND OTHER IMPLICATIONS**

### 9.1 Financial Implications – Nick Booth, 297460

The estimated total backlog of maintenance is £94 million. Whilst at current levels of resources it will be impossible to eliminate such a backlog, the asset management strategy should promote the best use of available funding to tackle the maintenance liabilities of the Council.

### 9.2 Legal Implications

Legal Services have no additional comments.

## 10. **Other Implications**

OTHER IMPLICATIONS	YES/NO	Paragraph Within Supporting information	References
Equal Opportunities	No		
Policy	Yes	Throughout the report	
Sustainable and Environmental	Yes	Throughout the report	
Crime and Disorder	No		
Human Rights Act	No		
Elderly/People on Low Income	No		

**11. Background Papers – Local Government Act 1972**

None.

**12. Consultations**

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Nick Morris, Energy Services  
Departmental Heads of Property Group representatives

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**List of appendices**

- A - Required maintenance
- B - Performance Indicator suite

<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)

## Required maintenance

Estimated required maintenance based on property health surveys as at March 2008					
Priority		Schools	Other land & buildings	Community assets	Total
1 : <b>Urgent</b> works that will prevent immediate closure of premises and/or address an immediate high risk to the health and safety of the occupants and/or remedy a serious breach of legislation.	2007 - 08	£1,641,000	£2,506,925	£1,075,000	£5,222,925
	2006 - 07	£5,929,000	£2,497,000	£1,075,000	£9,001,000
	Conclusion	The estimated requirement has reduced, even with more information becoming available. This is to be welcomed. It is also the area that is dealt with as highest priority			
2 : <b>Essential</b> works required within two years that will prevent serious deterioration of the fabric or services and/or address a medium risk to the health and safety of the occupants and/or remedy a minor breach of the legislation.	2007 - 08	£22,596,000	£41,688,746	£3,272,000	£67,556,745
	2006 - 07	£9,361,000	£39,084,000	£3,272,000	£51,717,000
	Conclusion	The apparent increase in costs show the effect of gathering more information, but it is anticipated that the schools figures will reduce significantly as the BSF and primary schools capital strategy programs engage.			
3 : <b>Desirable</b> works required within three to five years that will prevent deterioration of the fabric or services and/or address a low risk to the health and safety of the occupants and/or a minor breach of the legislation	2007 - 08	£4,463,000	£15,479,490	£2,105,000	£22,047,490
	2006 - 07	£4,236,000	£12,510,000	£2,105,000	£18,851,000
	Conclusion	As above			
Total by sub- category	2007 - 08	£28,700,000	£59,675,161	£6,452,000	£94,827,161
	2006 - 07	£19,526,000	£54,591,000	£6,452,000	£80,069,000
	Conclusion	The figures will provide a useful benchmark for future period's comparisons, as well as evidence of progress in strategies to reduce the backlog.			

## Performance Indicator suite 2007-8

Estimated required maintenance based on property health surveys as at March 2008					
Priority		Schools	Other land & buildings	Community assets	Total
1 : <b>Urgent</b> works that will prevent immediate closure of premises and/or address an immediate high risk to the health and safety of the occupants and/or remedy a serious breach of legislation.	2007 - 08	£1,641,000	£2,506,925	£1,075,000	£5,222,925
	2006 - 07	£5,929,000	£2,497,000	£1,075,000	£9,001,000
	Conclusion	The estimated requirement has reduced, even with more information becoming available. This is to be welcomed. It is also the area that is dealt with as highest priority			
2 : <b>Essential</b> works required within two years that will prevent serious deterioration of the fabric or services and/or address a medium risk to the health and safety of the occupants and/or remedy a minor breach of the legislation.	2007 - 08	£22,596,000	£41,688,746	£3,272,000	£67,556,745
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	Conclusion	The apparent increase in costs show the effect of gathering more information, but it is anticipated that the schools figures will reduce significantly as the BSF and primary schools capital strategy programs engage.			
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	2006 - 07	£4,236,000	£12,510,000	£2,105,000	£18,851,000
	Conclusion	As above			
Total by sub- category	2007 - 08	£28,700,000	£59,675,161	£6,452,000	£94,827,161
	2006 - 07	£19,526,000	£54,591,000	£6,452,000	£80,069,000
	Conclusion	The figures will provide a useful benchmark for future period's comparisons, as well as evidence of progress in strategies to reduce the backlog.			

Performance Indicator	PMI.1 – Schools condition & required maintenance					
Objective	<ul style="list-style-type: none"> <li>To measure the condition of the asset for its current use</li> <li>To measure changes in condition</li> <li>To measure the condition of the asset for its current use</li> </ul>					
Code	Definition		Leicester 07-08	Leicester 06-07	Octopus 07-08	Octopus 06-07
A	% Gross internal floor space in condition categories A-D	A	11	1.29		
		B	67	77.87		
		C	15	19.54		
		D	7	1.31		
		1	£1,641,000	£5,929,000		

	by cost expressed as total cost in priority levels 1-3	2	£22,596,000	£9,361,000		
		3	£4,463,000	£4,236,000		
B ii	Required maintenance by cost expressed as % in priority levels 1-3	1	5.72	4.62		
		2	69.86	72.26		
		3	25.94	22.13		

Performance Indicator	PMI.1 – Other land & buildings condition & required maintenance					
Objective	<ul style="list-style-type: none"> <li>To measure the condition of the asset for its current use</li> <li>To measure changes in condition</li> <li>To measure the condition of the asset for its current use</li> </ul>					
Code	Definition		Leicester 07-08	Leicester 06-07	Octopus 07-08	Octopus 06-07
A	% Gross internal floor space in condition categories A-D	A	29	6.48		
		B	46	81.37		
		C	23	12.15		
		D	2	0		
B i	Required maintenance by cost expressed as total cost in priority levels 1-3	1	£2,506,925	£2,497,000		
		2	£22,688,746	£39,084,000		
		3	£15,479,490	£12,510,000		
B ii	Required maintenance by cost expressed as % in priority levels 1-3	1	4.2	4.62		
		2	69.86	72.26		
		3	25.94	22.13		

Performance Indicator	PMI.1 – Community assets condition & required maintenance					
Objective	<ul style="list-style-type: none"> <li>To measure the condition of the asset for its current use</li> <li>To measure changes in condition</li> <li>To measure the condition of the asset for its current use</li> </ul>					
Code	Definition		Leicester 07-08	Leicester 06-07	Octopus 07-08	Octopus 06-07
A	% Gross internal floor space in condition categories A-D	A	0	0		
		B	0	0		
		C	0	0		
		D	0	0		
B i	Required maintenance by cost expressed as total cost in priority levels 1-3	1	£1,075,000	£575,000		
		2	£3,272,000	£3,572,000		
		3	£2,105,000	£3,905,000		
B ii	Required maintenance by cost expressed as % in priority levels 1-3	1	16.66	16.66		
		2	50.71	50.71		
		3	32.63	32.63		

Performance Indicator	PMI.1 – Overall assets condition & required maintenance					
Objective	<ul style="list-style-type: none"> <li>To measure the condition of the asset for its current use</li> <li>To measure changes in condition</li> <li>To measure the condition of the asset for its current use</li> </ul>					
Code	Definition		Leicester 07-08	Leicester 06-07	Octopus 07-08	Octopus 06-07
B iii	Required maintenance by cost expressed as overall cost per square metre gross internal area	£	£94,827,160	£80,069,000		
		£/m2	£143.12	£134.28		
C	Annual % change to	Last yr	£80,069,000	£86,667,247		

	required maintenance over previous year	%	18.43	- 7.61		
D i	Total spend in maintenance in previous financial year		£17,355,004	£16,759,861		
D ii	Total spend on maintenance per square metre gross internal area		26.19	28.11		
D iii	% split of total spend on maintenance between planned and reactive	Revenue : capital	60 : 40	60 : 40		
O & LP 1	Asset surveys reviewed – condition surveys as % of total assets	%	67			

Performance Indicator	PMI.2 - Environmental Issues					
Objective	To encourage efficient use of assets over time and year-on-year improvements in energy efficiency					
Code	Definition		Leicester 07-08	Leicester 06-07	Octopus 07-08	Octopus 06-07
A - All operational buildings (Including schools)	Energy costs/consumption - to be reported by property category in £ spend per m2 GIA and by KWH per m2 GIA	Spend £	£6,707,123	£5,920,708		
		consumption kwh	222,270,298	142,416,049		
		cost £/sqm	£10.12	£10.04		
		consumption sqm kwh	335.46	241.41		
B - All operational buildings (Including schools)	Water costs / consumption - to be reported by property category in £ spend per m2 GIA and by volume m3 per m2 GIA	Spend £	£1,116,082	£1,069,183		
		consumption m3	524,105	502,078		
		cost /sqm £	£1.68	£1.81		
		consumption sqm m3	0.79	0.85		
C - All operational buildings (Including schools)	CO <sub>2</sub> emissions - to be reported by category in tonnes of carbon dioxide per m2 GIA	Total tonnes CO <sub>2</sub>	49,364	35,669		
		Tonnes per m2	0.075	0.060		

Performance Indicator	PMI.3 – Suitability surveys					
Objective	To encourage local authorities to carry out suitability surveys enabling them to identify how assets support and contribute to the effectiveness of frontline service delivery ie are they fit for purpose					
Code	Definition		Leicester 07-08	Leicester 06-07	Octopus 07-08	Octopus 06-07

A - all operational buildings (excluding schools)	% of property portfolio by number, for which a suitability survey has been undertaken over the last five years		94%	100%		
B - all operational buildings (excluding schools)	Number of properties for which a suitability survey has been undertaken over the last five years		379	349		
C i - all operational buildings (excluding schools)	% of properties graded as good or satisfactory		89%	69.34%		
C ii - all operational buildings (excluding schools)	% of properties for which grading has improved since the last suitability survey was carried out at the property		8.71%	34.38%		

Performance Indicator	PMI.4 – Building accessibility surveys					
Objective	To monitor progress in providing access to buildings for people with disabilities					
Code	Definition		Leicester 07-08	Leicester 06-07	Octopus 07-08	Octopus 06-07
A - all operational buildings (excluding schools)	% of portfolio by GIA m2, for which an Access Audit has been undertaken by a competent person		100%	93%		
B - all operational buildings (excluding schools)	Number of properties for which an Access Audit has been undertaken by a competent person		232	199		
BVPI 156 - all operational buildings (excluding schools)	% of authority buildings open to the public in which all public areas are suitable for and accessible to disabled people		81.15%	72.27%		
C - all operational buildings (excluding schools)	% of portfolio by GIA m2 for which there is an Accessibility Plan in place		100%	41.74%		
D - all operational buildings (excluding schools)	Number of properties for which there is an Accessibility Plan in place		174	95		

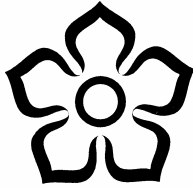
Performance Indicator	PMI.5 – Sufficiency					
Objective	To measure the capacity of the utilisation of the portfolio. There is an implicit assumption that services should be delivered in the minimum amount of space as space is costly to own and use. For a similar reason an authority should occupy a minimum of administrative accommodation.					
Code	Definition		Leicester 07-08	Leicester 06-07	Octopus 07-08	Octopus 06-07



A 3	The % of operational buildings shared with public agencies			0		
B 1	Average office floor space per staff		16.03	20.89		
B 2	Annual property cost per workstation		£2,403.50	£1,956.26		

Performance Indicator	Octopus & LPI					
Objective	To determine the efficiency of the management of the non-operational estate					
Code	Definition		Leicester 07-08	Leicester 06-07	Octopus 07-08	Octopus 06-07
E1 i	Full year lost income		£156,160	£110,000		
E1 iii	Lost income %		3.31%	1.60%		
E 1 ii	Number of voids		20	19		
F1 ii	Management costs to non-operational income		6.59%	6.45%		
G1 i	Rent collected to rent invoiced		99.92%	102.74%		
G1 ii	% annual income change		20.27%	15.44%		
G1 iii	Arrears to rent invoiced		21.26%	19.48%		
	Internal rate of return – industrial			9.20%		
	Internal rate of return – retail			7.64%		
	Internal rate of return - agricultural			No data		





Leicester  
City Council

**WARDS AFFECTED**  
**All Wards**

## **FORWARD TIMETABLE OF CONSULTATION AND MEETINGS:**

**Cabinet**

**9<sup>th</sup> March 2009**

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### **LAA Annual Refresh Sign-off**

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#### **Report of the Director of Partnership, Performance & Policy**

#### **1. Purpose of Report**

- 1.1 This report presents background information on the first Annual Refresh of our Local Area Agreement (2008/11) and sets out the latest position on negotiations with Government Office for the East Midlands (GOEM) in advance of a final report seeking sign-off by Cabinet.

#### **2. Background**

- 2.1 Under normal circumstances the Annual Refresh of the LAA provides an opportunity to negotiate amendments to the signed-off agreement in the light of exceptional changes. As the LAA is now on a statutory footing changes must be agreed by the Council and formally approved by the Secretary of State for Communities and Local Government.
- 2.2 However, the first Annual Refresh of new (2008-11) LAAs is exceptional. This is primarily due to the large number of new national indicators included in LAAs where there was no baseline data available and as such, targets could not be negotiated prior to signing off LAAs in last June. These indicators are referred to as 'Placeholders'. In Leicester 11 of our 35 designated targets are 'Placeholders'. Other refresh issues that are exceptional this year are where targets were negotiated on provisional baselines or where baseline data has been modified since the LAA was agreed. The first Annual Refresh will also consider minor amendments to a small number of targets where there was a degree of uncertainty at the time of sign-off.

- 2.3 Finally, discussion with GOEM will take place on a small number of targets where exceptional external circumstances, namely the collapse of the housing market and wider economic downturn, have impacted on the viability of our agreed targets.

### **3. Recommendations**

Members are recommended to:

- (i) Agree to sign-off Leicester's revised LAA (as attached to the final version of this report) and if necessary agree that delegated powers are used to agree any outstanding issues prior to seeking sign-off by the Secretary of State for Communities and Local Government on 30<sup>th</sup> March.

### **4. Report**

- 4.1 Appendix 1 of this report sets out the current (18th February 2009) position of negotiations with GOEM through the first Annual Refresh of Leicester's Local Area Agreement (Appendix 2 of this report sets out the original agreement signed off in June 2008).
- 4.2 As indicated in the report on the reporting and sign-off timetable for the Annual Refresh presented to Cabinet Briefing on 26th January, it is now clear that negotiations will continue beyond the formal deadline for submission of our revised LAA on 17<sup>th</sup> February due to delays in the publication of baseline data for a number of indicators.
- 4.3 To deal with this situation we will need to both ask GOEM to seek a position from CLG on how these delays can best be managed (e.g. extend deadlines for submission of revised LAAs and / or put back Ministerial sign-off) and use the appropriate delegated powers to allow for local sign-off.
- 4.4 The final version of this report will seek to clarify arrangements.

### **5. FINANCIAL, LEGAL AND OTHER IMPLICATIONS**

#### **5.1. Financial Implications**

There are no direct financial implications relating to this report  
*Andy Morley, Chief Accountant , ext 29 7404*

#### **5.2 Legal Implications**

There are no direct legal implications relating to this report  
*Peter Nicholls, Service Director, Legal Services, ext 29 6302*

## 6. Other Implications

OTHER IMPLICATIONS	YES/NO	Paragraph Within Supporting information	References
Equal Opportunities	No		
Policy	No		
Sustainable and Environmental	No		
Crime and Disorder	No		
Human Rights Act	No		
Elderly/People on Low Income	No		

## 7. Background Papers – Local Government Act 1972

Leicester's Local Area Agreement 2008/11 – Cabinet, 2<sup>nd</sup> June 2008  
 Leicester's Local Area Agreement: Annual Review 2008/9 – Cabinet  
 26.1.09

## 8. Consultations

Leicester Partnership Delivery Groups  
 Corporate Directors' Board (10.2.09)

## 9. Report Author

Adam Archer  
 Special Projects Manager  
 Partnership Executive Team

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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)



# Leicester's Draft Revised Local Area Agreement

(Amendments highlighted as at 18<sup>th</sup> February 2009)

Priority	Indicator(s), including those from national indicator set (shown with a *)	Baseline	LAA Improvement Target, including those to be designated (shown with a *), and including education and early years targets. (WNF Reward weighted targets shown with a**)			Partners who have signed-up to the target and any which are acting as lead partner/s (shown with a *)
			08/09	09/10	10/11	
Investing in our children	NI 50 * Emotional health of children (Placeholder)	64.3% (08/09)	N/A (Placeholder)	66.4%	69.2%	Leicester City Council*
	NI 54 * Services for disabled children (Placeholder)	Available May 2009 at the earliest	N/A (Placeholder)	+3 percentage points from baseline	+6 percentage points from baseline	Leicester City Council*
	NI 56 * Obesity among primary school age children in Year 6	19.6 %  % of children in year 6 with height and weight recorded who are obese	21.5%*	21%*	20%*	Leicester City PCT* Leicester City Council
Investing in our children	NI 59 * Initial assessments for children's social care carried out within 7 working days of referral	62% (2007/8)	63%*	70%*	77.5%*	Leicester City Council*



	NI 65 * Children becoming the subject of a Child Protection Plan for a second or subsequent time	15.8% 2007/8	11%*	Leicester proposes between 10% and 15% (optimum range)	Leicester proposes between 10% and 15% (optimum range)	Leicester City Council*
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Statutory Education and Early Years Targets						
Investing in our children	NI 72 * Achievement of at least 78 points across the Early Years Foundation Stage with at least 6 in each of the scales in Personal Social and Emotional Development and Communication, Language and Literacy	31.7%	40% (summer 09)	X	X	Leicester City Council
	NI 73 * Achievement at level 4 or above in both English and Maths at Key Stage 2	62%	76% (summer 09)	X	X	Leicester City Council
Investing in our children	NI 74 * Achievement at level 5 or above in both English and Maths at Key Stage 3 (Threshold)	59%	69% (summer 09)	X	X	Leicester City Council
	NI 75 * Achievement of 5 or more A*-C grades at GCSE or equivalent including English and Maths (Threshold)	36.4%	48% (summer 09)	X	X	Leicester City Council

Investing in our children	NI 83 * Achievement at level 5 or above in Science at Key Stage 3	64%	71% (summer 09)	X	X	Leicester City Council
	NI 87 * Secondary school persistent absence rate	7.36%	6% (school year 08/09)	X	X	Leicester City Council
	NI 92 * Narrowing the gap between the lowest achieving 20% in the Early Years Foundation Stage Profile and the rest	40.6%	34% (summer 09)	X	X	Leicester City Council
	NI 93 * Progression by 2 levels in English between Key Stage 1 and Key Stage 2	83.6%	96% (summer 09)	X	X	Leicester City Council
	NI 94 * Progression by 2 levels in Maths between Key Stage 1 and Key Stage 2	73.7%	91% (summer 09)	X	X	Leicester City Council
	NI 95 * Progression by 2 levels in English between Key Stage 2 and Key Stage 3	25%	36% (summer 09)	X	X	Leicester City Council
	NI 96 * Progression by 2 levels in Maths between Key Stage 2 and Key Stage 3	54%	64% (summer 09)	X	X	Leicester City Council
	NI 97 * Progression by 2 levels in English between Key Stage 3 and Key Stage 4	53.7%	62% (summer 09)	X	X	Leicester City Council

	NI 98 * Progression by 2 levels in Maths between Key Stage 3 and Key Stage 4	24.2%	33% (summer 09)	X	X	Leicester City Council
	NI 99 * Children in care reaching level 4 in English at Key Stage 2	5 out of 14	10 of the estimated 23 (summer 09)	X	X	Leicester City Council
	NI 100 * Children in care reaching level 4 in Maths at Key Stage 2	5 out of 14	12 of the estimated 23 (summer 09)	X	X	Leicester City Council
	NI 101 * Children in care achieving 5 A*-C GCSEs (or equivalent) at Key Stage 4 (including English and Maths)	1 out of 36	6 of the estimated 22 (summer 09)	X	X	Leicester City Council

Investing in our children	NI 110 * Young people's participation in positive activities (Placeholder)	66.9% (08/09)	N/A (Placeholder)	70.4%	74.1%	Leicester City Council* Connexions Leicester Shire
	NI 112 * Under 18 conception rate	61.2 (2006)	45.1* (30% reduction from 1998 figures)	37.1* (43% reduction from 1998 figures)	29.1* (55% reduction from 1998 figures)	Leicester City PCT Leicester City Council*

	NI 117 * 16 to 18 year olds who are not in education, training or employment (NEET)	8.9% Nov 07-Jan 08 average	8.4%**	8.1%**	7.7%**	Connexions Leicester Shire*
	NI 118* Take up of childcare by low income working families	12% ???? (Subject to verification)	14%	16%	18%	Leicester City Council*
Planning for people rather than cars	NI 154 * Net additional homes provided	1,100 (2003/4 - 2006/7)	1,450*	650*	850*	Leicester City Council* East Midlands Development Agency Housing Corporation English Partnerships
	NI 167 * Congestion – average person journey time per mile during the morning peak	4.6 minutes per person mile 2007/8	4.28*	4.87*	4.89*	Leicester City Council*
	NI 175 * Access to services and facilities by public transport, walking and cycling	79.1% (2007/8)	79.4%*	LEICESTER PROPOSES MEASURE WITHDRAWN FROM LAA		Leicester City Council*

Reducing our carbon footprint	NI 186 * Per capita CO2 emissions in the LA area	7.25 tonnes per capita  (2,088,000 tonnes total emissions)  (Defra 2005)	6.97 tonnes per capita*  (3.9% reduction from baseline - 2,008,000 tonnes total emissions)	6.69 tonnes per capita*  (7.7% reduction from baseline - 1,929,000 tonnes total emissions)	6.42 tonnes per capita*  (11.4% reduction from baseline - 1,850,000 tonnes total emissions)	Leicester City Council* (Through the city's Climate Change Programme Board)
	NI 188* Planning to adapt to climate change	Risk assessment currently being undertaken	Level 2	Level 4	Level 4 (review and update)	Leicester City Council*
	NI 193 * Municipal waste land filled	66%  2006/7	56%*	54%*	52%*	Leicester City Council*
Creating safer and stronger communities	NI 1* % of people who believe people from different backgrounds get on well together in their local area (Placeholder)	76.2%  (Place Survey 2008/9)	N/A  (Placeholder)	N/A	Leicester proposes  80%*	Leicester City Council*
	NI 5* Overall/general satisfaction with local area (Placeholder)	71.7%  (Place Survey 2008/9)	N/A  (Placeholder)	N/A	Leicester proposes  80%*	Leicester City Council* Leicestershire Constabulary

Creating safer and stronger communities	NI 16* Serious acquisitive crime rate	28.1 offences per 1,000 population (2007/8)	27.3* (3% reduction from baseline)	26.5* (6% reduction from baseline)	25.6* (9% reduction from baseline)	Leicestershire Constabulary* All the other statutory CDRP responsible authorities
	NI 18* Adult re-offending rates for those under probation (Placeholder)	8.7% Predicted re-offending based on 07/08 cohort	N/A (Placeholder)	8.5%*	8.2%*	Leicestershire & Rutland Probation Area*
	NI 19* Rate of proven re-offending by young offenders (Placeholder)	235 offences per 100 offenders within 12 months (2005/6)	N/A (Placeholder)	219 offences per 100 offenders within 12 months* – 6.7% reduction against baseline	212 offences per 100 offenders within 12 months* – 9.8% reduction against baseline	Leicester City Youth Offending Service* All the other statutory CDRP responsible authorities
	NI 20* Assault with injury crime rate	14.3 offences per 1,000 population (2007/8)	13.9* (3% reduction from baseline)	?*	?*	Leicestershire Constabulary* All the other statutory CDRP responsible authorities
	NI 27* Understanding of local concerns about anti-social behaviour and crime by the local council and police (Placeholder)	25.9% (Place Survey 2008/9)	N/A (Placeholder)	N/A	40%	Leicester City Council / Leicestershire Constabulary All the other statutory CDRP responsible authorities

Creating safer and	NI 32 * Repeat incidents of domestic violence (Placeholder)	N/A Baseline position to be agreed through introduction of MARAC in Leicester.	N/A (Placeholder)	? *	? *	Leicestershire Constabulary* All the other statutory CDRP responsible authorities
	NI 35 * Building resilience to violent extremism	9/20 Mean baseline: 11/4 = 2.75 = 3	13/20 Mean target 13/4 = 3.25 = 3*	17/20 Mean target: 17/4 = 4.25 = 4*	20/20 Mean target: 20/4 = 5 = 5*	Leicester City Council* Youth Service Youth Offending Service The Race Equality Council Leicestershire Constabulary (and all the other statutory CDRP responsible Authorities) Leicester Council of Faiths Federation of Muslim Organisations (FMO) Islamic Foundation
	NI 140 * Fair treatment by local services (Placeholder)	66.6% (Place Survey 2008/9)	N/A (Placeholder)	N/A	Leicester proposes 76.6%*	Leicester City Council* Leicester City PCT Leicestershire Constabulary

stronger communities	NI 143* Offenders under probation supervision living in settled and suitable accommodation at the end of their order or licence	To be confirmed subject to disaggregation ?????	70%	72%	74%	Leicestershire and Rutland Probation Area*
	Number of social rented affordable homes delivered (gross) <i>(Element of NI 155)</i>	113 (3 year rolling average 2005-8)	131 (actual for year = 130)	134 (Actual for the year = 101)	224 (Actual for the year = 415)	Leicester City Council* Registered Social Landlords
Improving health and happiness	NI 39* Alcohol-harm related hospital admission rates(directly age-standardised rates per 100,000)	2233 (2006-07)	2776*	2970*	3118*	Leicester City PCT* (through Safer Leicester Partnership including all the other statutory CDRP responsible authorities)
	NI 40* Drug users in effective treatment	1135 (2007/8 verified)	1206* (Increase of 5% from baseline)	1204* (Increase of 6% from baseline)	1216* (Increase of 7% from baseline)	Leicester Drug and Alcohol Action Team* All the other statutory CDRP responsible authorities
Improving health and happiness	NI 120* All-age all cause mortality rate	Male: 1018 Female: 665 (1995-97) rate per 100k	M:801* F:552*	M:741* F:519*	M:692* F:501*	Leicester City PCT* Leicester City Council



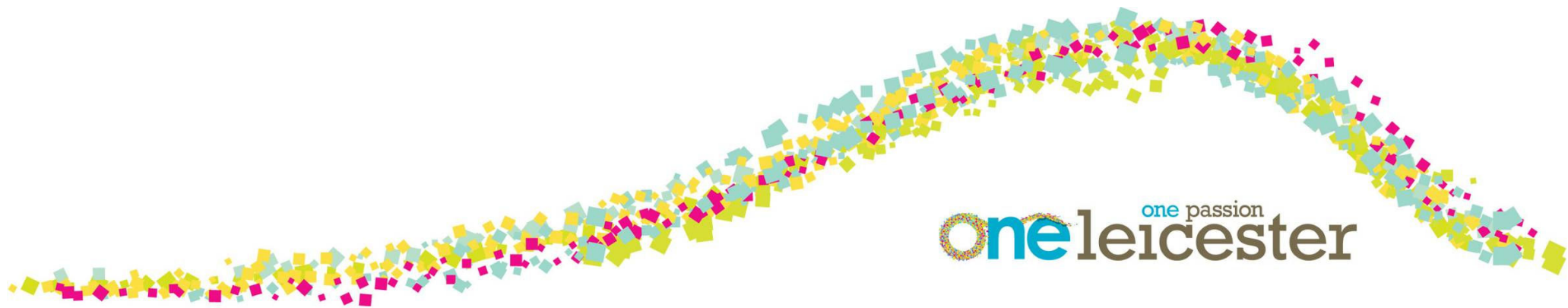
	NI 125 * Achieving independence for older people through rehabilitation / intermediate care	78% ???? (Estimated from outturns from ten DH pilot sites)	80%*	82%*	84%*	Leicester City Council*
	NI 126 * Early access for women to maternity services	71% 2007	80%*	85%*	90%*	Leicester City PCT*
	NI 131 * Delayed transfers of care from hospitals	12.8 2006-07	11.9*	11.4*	10.9*	Leicester City PCT*
	NI 135 * Carers receiving needs assessment or review and a specific carer's service, or advice and information	22.% 2007/8	24%*	27%*	29%*	Leicester City Council*
	NI 142 * Number of vulnerable people who are supported to maintain independent living	97.4% (Q's 1 & 2 2007/8)	98%*	98.5%*	99%*	Leicester City Council*
Investing in skills and enterprise	NI 152 * Working age people on out of work benefits	16.7%  (Nomis, February 2007)	16.3%**	15.8%**	15.3%**	Jobcentre Plus*
	NI 153* Working age people claiming out of work benefits in the worst performing neighbourhoods	32.08%	31.4%	30.72%	30.05%	Jobcentre Plus *

	NI 163 * Working age population qualified to at least Level 2 or higher	55.8% (2006/7 Labour Force Survey)	57.55%** (1.75% increase)	59.55%** (2% increase)	61.8%** (2.25% increase)	Leicestershire LSC*
	NI 165* Proportion of population aged 19-64 for males and 19-59 for females qualified to at least Level 4 or higher	21.5%	21.5%	22%	23%	Universities Learning and Skills Council Leicester City Council etc
	NI 172 * VAT registered businesses in the area showing employment growth (Placeholder)	13.05%  2006/7	N/A  (Placeholder)	Leicester proposes  <i>Regain the lead on Regional average by at least 1 % point</i>	Leicester proposes  <i>Regain the lead on Regional average by at least 1 % point</i>	East Midlands Development Agency
	Locally defined indicator for employment land	Consider including in MAA only				
Improving service delivery	NI 179 * Value for money – total net value of on-going cash-releasing value for money gains that have impacted since the start of the 2008-9 financial year	£344.197m ???? (Estimated LCC element of total partner baseline estimated at £803.590m)	£10.326m* ???? (Estimated LCC savings contributing to total estimated savings of £24.108m amongst partners)  Equates to 3% of baseline	£20.910m* ???? (Estimated LCC savings. Total savings TBC)  Equates to 6% of baseline	£31.759m* ???? (Estimated LCC savings. Total savings TBC)  Equates to 9.4% of baseline	Leicester City Council* Leicester City PCT Leicestershire Constabulary Leicestershire Fire and Rescue Service

			<p>The true measure we are working to is the percentage saving, as the figure in £ depends upon service specific calculations of the baseline. Guidance is still awaited in some areas, and a figure cannot yet be given for 2009/10 and 2010/11. Savings achieved by any partner organisation in excess of their target for 2005/06 to 2007/08 (cashable and non-cashable) will count towards the target for each year. The target will be monitored and reported only in aggregate for the whole LAA.</p>	
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**Leicester's local Area Agreement 2008 - 2011**

# Leicester's Local Area Agreement 2008-11



one passion  
one leicester



“We want Leicester to become a truly sustainable city within 25 years – and, in doing so, to improve the quality of life for all the people of Leicester.”

*Councillor Ross Willmott, Leader, Leicester City Council and Chair of the Leicester Partnership Executive.*

## Leicester’s Local Area Agreement 2008-11

Local Area Agreements will help deliver the ambitions of Leicester and its people. In effect this LAA will be the delivery plan for the first three years of our vision for Leicester as set out in *One Leicester*, our Sustainable Community Strategy.

Leicester Partnership is the forum through which partner organisations co-ordinate and align key strategies that will shape the future of the city. Through Leicester Partnership, all partners have agreed they will align their services and activities with *One Leicester* and identify how their own work needs to evolve to deliver the vision.

Over recent months considerable work has been undertaken through the Leicester Partnership to identify those indicators from the new national set of 198 performance indicators which best reflect the priorities for Leicester as set out in *One Leicester*. In doing so, there has been ongoing dialogue with Government Office for the East Midlands to ensure that government priorities are adequately reflected. The delivery plans of agencies in Leicester will be aligned with the priorities agreed through the LAA. We have agreed what we believe to be challenging improvement targets for these indicators. We will report our performance to both central government and the people of Leicester to show how we are progressing towards our vision for Leicester.

## One Leicester - Leicester’s Sustainable Community Strategy

*One Leicester* is our call for action.

The strategy sets out how we will transform Leicester into Britain’s sustainable city over the next quarter century, improving economic, social and environmental well-being across Leicester as well as contributing to sustainable development in the UK.

We hope this strategy will...

- speak on behalf of the people of Leicester, setting-out their needs and priorities;
- help co-ordinate the actions of the council, the police, the PCT and numerous other public, private, voluntary and community organisations across the city;
- assist these organisations to focus and shape their activities to enable them to meet the needs and aspirations of the people of Leicester; and
- contribute to sustainable development locally, regionally, nationally and globally.

*One Leicester* is an ambitious document, based on three key themes:

- We want the people of Leicester to become more confident – in themselves, their communities and their city.
- We want there to be greater prosperity in Leicester, so everyone can reach their potential, no-one is trapped by poverty and people are more active and healthy.
- And we want Leicester to be a truly beautiful place, with less traffic, clean and tidy streets, excellent green spaces

and attractive buildings.

To achieve all of this will take time – we reckon around 25 years. That’s a long journey – a journey that needs all of the city’s statutory agencies to work together, backed by support from the voluntary and private sectors.

*One Leicester* is a vision for a better Leicester.

If we are to improve the city for everyone, we know we must take action on the concerns that most worry our citizens, while addressing the main challenge that faces all our people today and in the future – damage to our environment.

We are endorsing the view of the world's most respected scientists and the world's leaders of governments – we must take action against environmental damage now. This document considers what action is needed by us to make Leicester a genuinely sustainable city in the next 25 years. This means that our city has to become able to “meet the needs of the present without compromising the ability of future generations to meet their needs.”

*One Leicester* is supported by some fundamental values.

Only by tackling inequality, delivering high quality services, focusing on the people we serve, joining-up the activities of various agencies and working in ways that are sustainable will we make progress towards our ultimate goal.

Above all, *One Leicester* is about people.

We want the people of Leicester to feel confident about themselves, their neighbourhoods, their city and their future. This strategy describes an ambitious, progressive and prosperous city, where everyone has the opportunity to meet their potential, regardless of their age, disability, gender, race, religion or sexual orientation.

We want to create a beautiful city with confident people and a new prosperity – a great place to live. But also somewhere that

does not place a burden on the planet that we will come to regret in future years.

## Today’s Leicester

What follows is not a comprehensive picture of Leicester in 2008, but we believe it highlights the key challenges facing the city, the main opportunities and strengths that we can build on and the major changes that will affect the city over the next 25 years.

### People

There is much that is positive in Leicester’s people – they are a real asset to the city. Leicester has a strong voluntary and community sector – showing that people feel they can, and will, get involved in caring for others. We estimate that almost a third of Leicester people take part in voluntary activities.

Those who know Leicester describe it as a friendly place where people get on well together.

We have one of the most diverse communities in the country, bringing to the city a wealth of cultural festivals and places of worship. We have over 240 faith groups from at least 14 different religions. Leicester is a place where multiculturalism works and we all benefit from the diversity of our community. We welcome new communities and make people feel at home. And we are better placed than many cities to benefit economically and culturally from increased migration to the city in the future. People who know Leicester well see it as, potentially, a cultural centre of excellence.

Leicester has a young population: nearly half the population is under 30 years old. This creates great opportunities for employment growth in the city, as employers elsewhere struggle to find new sources of labour. And, although national demographic trends show an aging population, in Leicester the elderly population is currently falling as more of the city’s older



people move out into the county. However, this isn't likely to continue and numbers of over 85s are set to increase significantly. We also anticipate growing numbers of people with disabilities.

Leicester is already a place where people matter, but we need to do much more if we are to increase the confidence of Leicester people.

Sadly, Leicester has a reputation for running itself down and having low expectations. It is a city that 'punches below its weight' both regionally and nationally, with a reputation as a place where not much happens. This needs to change if we are to attract the attention – and investment – we need to improve the prosperity of the city and its people.

Leicester has slightly above average rates of crime and anti-social behaviour and, disappointingly, too many people say they do not feel safe in the city centre at night.

The quality and affordability of housing in the city does not meet the needs of the people.

Leicester faces further challenges and uncertainty both from the trend of increased migration from other countries and because some recent arrivals from Eastern Europe may return.

However, the success of community regeneration projects, such as the New Deal in Braunstone demonstrates that we can achieve real, lasting change and improve people's lives.

### **Prosperity**

Leicester has attracted over £4 billion of investment in recent years and is certainly shaking off its image as a place where nothing much changes.

Major new investments include:

- the new Highcross Leicester shopping centre – brought about through a massive extension of the Shires
- Curve – the city's new performing arts centre
- the new digital media centre – a creative hub for new technology that builds on the success of Phoenix Arts
- our Building Schools for the Future programme – a £230m investment project to rebuild and upgrade all of Leicester's secondary schools
- a new business quarter being developed around the rail station which will take advantage of the city's new links with Europe
- major developments along Leicester's waterside – Leicester's hidden asset
- the National Space Centre
- new health centres across the city
- huge expansion schemes at both our universities.

These investments are all starting to make an impact.

Over the last 25 years the city has suffered badly from global economic trends – perhaps not as badly as some industrial cities, but neither have we found the new prosperity of other UK cities.

We have nearly double the national average of people claiming benefits and nearly a quarter of our workforce are without formal qualifications. A third of businesses in the city report skills shortages and a staggering two thirds of residents in the city have difficulty reading and writing English. Average household incomes in Leicester are 20% below the national average and we have higher than average long-term unemployment.

One factor in Leicester's economic decline has been the continued loss of economically successful people from the city, either to the county or elsewhere. Despite having two universities in the city, we retain fewer graduates than other cities of our size.

Two major issues that we must tackle are the persistently poor levels of educational attainment in our schools and the high levels of inequality in life expectancy and health – both within the city and when compared to many other parts of the country. People in Leicester live, on average, two years less than in the rest of the country and, shamefully, that figure is much worse in some disadvantaged parts of the city. Poor health, particularly in poorer communities in the city, is mainly driven by social and economic disadvantage and is worsened by lifestyle factors such as smoking, poor diet and lack of physical activity.

There are still too many people in Leicester who are disadvantaged, without the opportunity to achieve their potential. In the immediate future there are likely to be increased pressures on public services, with less money available in real terms. We believe economic growth will be slower in the coming years than it has been in the last decade. We must also be willing and prepared to compete in an increasingly global marketplace.

We are starting to change the economic outlook and image of Leicester, but we still have a long way to go to bring new prosperity to the city.

### *Place*

Leicester has an excellent record on environmental issues. We are Britain's first environment city. Leicester City Council was the first to comply with the European environmental management system, EMAS and won the first 'beacon' award for environmental quality. Leicester became the first European sustainable city and De Montfort University's Institute for Energy and Sustainable Development has an international reputation for its work on energy in buildings.

However, we produce waste and use energy at a rate beyond the capacity of the planet to cope. In sustainability league tables, we find ourselves below other cities in the region. The combined impacts of climate change and rising energy prices mean that we

must reduce our 'carbon footprint' and use precious resources much more carefully. We are already doing much to improve our energy efficiency, but we need to increase the scale of our activities if we are to become a truly environmentally sustainable city.

Leicester is not often described as a beautiful place. The city is seen as gloomy and grey with the 'concrete necktie' of the ring road turning the city into a disparate jumble of disconnected parts. Fly tipping and litter spoil some of our open spaces and less than a third of residents are satisfied with the cleanliness of our streets. Leicester's roads are congested at peak times and the public transport system is both inadequate and insufficiently connected.

Yet we have many fine examples of green spaces – and people want more. Those who know Leicester love New Walk, the pedestrian walk created over two hundred years ago. We need to create more tree-lined avenues, like New Walk, that are devoted to people rather than cars.

Whilst Leicester has many historical and beautiful buildings, there are sadly many buildings and open spaces in poor condition. Leicester's market, once considered the largest open-air fruit and vegetable market in Europe, needs to be brought back to life as a central feature of the city.

Leicester needs to be reinvigorated with new buildings – buildings that are attractive and use the highest possible design quality. There must be no return to previous ugly redevelopments that scarred the city and damaged much of its Victorian heritage.

We are off to a flying start in transforming Leicester – the new Curve performing arts centre and the huge new Highcross Leicester shopping centre bring added colour and quality to the city centre and recent improvements to the main city centre thoroughfares make getting around on foot much easier and more enjoyable.

But there is a great deal more to do if we want to make Leicester a really beautiful and green place.

## **Transforming Leicester**

We cannot change Leicester overnight – we simply don't have the resources to tackle every challenge we face, or to implement all of the great ideas that people have suggested. So we need to bring about these huge changes one step at a time, making properly informed choices about where we focus our attention and resources.

At times this will mean taking some tough decisions about the activities that can bring about the biggest and most lasting change. All this has to be done whilst we maintain the wide range of services and activities that make Leicester tick.

So we need to set out our values and priorities for action, including the major transformational projects that will achieve a transformation in Leicester.

### ***Our values***

We believe these six values will help us make the difficult choices about where to put our resources and which projects to support.

#### Driving out inequalities

We will prioritise those people most in need and those activities that drive out inequalities between communities and individuals. Rather than just addressing the symptoms, we will prioritise the preventative activities that eliminate the root causes of inequality. We will tackle poverty and the causes of poverty in the city.

#### Delivering quality services

We will focus on those activities that improve the quality of public services and other aspects of public life that affect the people of Leicester. We will challenge the way things are done so

we can deliver better value for money and more effective and efficient services for the people of Leicester.

#### Delivering outcomes

We will concentrate on those activities that deliver the right results for the people of Leicester – the things that will make a real and lasting difference to people's lives.

#### Having a customer focus

We will prioritise activities that help us to respond better to the diverse needs and concerns of different communities across the city. We will involve the people that use our services in how they are designed and deliver our services in ways that suit the people who depend on them. We will prioritise activities that make our services accessible to all citizens – regardless of their circumstances. This will usually mean delivering services to people in their own neighbourhoods.

#### Joining-up what we do

We will ensure that the activities of all of the main agencies in the city are well co-ordinated, working to a common strategy and agenda. This will help us to work together more effectively for the benefit of the people of Leicester. At our best, the sum of our achievements will be greater than the parts.

#### Delivering sustainably

We will prioritise those activities that take into account the social, economic and environmental needs of the people of Leicester and that do not compromise the needs of future generations.

## **Priorities for Action**

We believe there are seven levers for change that will make Leicester a truly sustainable city and improve the quality of life for our citizens.

#### Investing in our children

If we are to drive out inequality, we need to start by tackling the current inequality of life chances faced by our children. We need to give our children the best possible start in life.

This means not only making sure the education our children receive is second to none, but also not condemning children to poverty by accident of birth. All of our children should receive the particular support they need to prosper.

We are committed to creating a culture of high expectation and aspiration amongst young people in the city – safeguarding those who are vulnerable and ensuring that children who are disadvantaged through disability or circumstance are given extra support to enable them to realise their potential.

#### Planning for people not cars

We want to make Leicester a city for people and families, rather than a city for cars. Over the next 25 years we will use the planning system and investment to transform Leicester into a city of attractive buildings, leafy walkways, cycleways and pleasant, green open spaces. This will not only change the feel of the city but, by getting people out of their cars, will create a friendlier, safer feeling and a healthier city. We want to make it easy to get from any part of the city to any other part of the city without using a car. Pivotal to achieving this is making sure that, when any plans are considered, pedestrians and cyclists are considered first.

#### Reducing our carbon footprint

We want Leicester to play its part in tackling global warming by having the lowest 'carbon footprint' of any major city in Britain. Global warming is a major issue facing the world and we can take a lead in tackling its effects.

We have world-class expertise in the technology of renewable energy and energy efficiency in the city. By building on our track record, not only we can make a major contribution, but also position Leicester as a progressive city that is looking to the future. In practice, this means committing ourselves to cutting carbon emissions by 50% relative to 1990 levels within the life of *One Leicester*.

#### Creating safer and stronger communities

The challenges we face as a city cannot be solved without the active involvement, participation and enthusiasm of the people of Leicester. Whilst we are committed to providing the support and services that people want, and to giving power to communities to improve their own neighbourhoods, we also need to release the energy and enthusiasm of local people to enhance their own quality of life.

We recognise that there are many vulnerable people who need a high level of support and are dependent on public services for their care. And we recognise that some things – like tackling crime and anti-social behaviour in neighbourhoods – need the city's public services to take an active lead. But we want to end a culture where whole communities become dependent on public services.

Instead we want people to take more responsibility for where they live and to be able to influence the decisions taken on their behalf. We want our citizens to recognise their interdependence and how working together for the good of the community can produce results. Community engagement has the potential not only to release energy and talent, but also to strengthen communities and improve people's sense of safety, belonging and pride in their neighbourhood. This approach is central to our strategy for reducing the inequalities that exist in the city.

#### Improving health and happiness

We know that Leicester must face up to some difficult issues if its people are to live longer, healthier and happier lives. The general health of people in Leicester is not improving as quickly as in the rest of the country and, whilst life expectancy is increasing, it's not increasing as fast as elsewhere.

This means that people in Leicester can currently expect to live, on average, two years less than in the rest of the country. This gap in life expectancy is widening over time and is even worse for the city's poorer communities – an inequality we need to address.

But our approach is not simply about treating the symptoms of physical illness. To make a real difference we must tackle the root causes of physical and mental illness, which are often driven by underlying social and economic disadvantage – for example, unemployment, low skill levels, poor housing or low household income.

And our approach is not limited simply to issues of health. Older and vulnerable people need our special support if they are to live fuller, more independent lives within the community.

These are the areas we need to address if we are to give people the chance to live longer, healthier and happier lives.

*One Leicester* will help to improve the physical and mental health and happiness of local people by providing the support and services they need to maintain and improve their health and by giving power to individuals and communities to improve their own wellbeing. The inequalities in health between different groups – especially vulnerable people and marginalised, hard-to-reach groups – will get particular support.

By creating *One Healthy Leicester* we will ensure everyone has the ability and opportunity to actively participate in the life of the city.

### Talking up Leicester

Leicester has an unfortunate reputation for talking itself down. Yet we have a lot to be proud of in Leicester and we want the people of Leicester to take greater pride in their city.

We also want people who don't know Leicester very well to see it as the progressive, confident, cohesive and vibrant city that it is. So we will create a strong regional and national identity for Leicester and communicate our successes to as wide an audience as possible, which we hope will also help to inspire the people who live here to become greater champions of the city.

### Investing in skills and enterprise

The economy of the city underpins so much of what we do.

Whilst there is huge public spending in the city, more than three quarters of the city's economy depends on private business. We recognise that poverty is the root cause of many of the difficulties facing people in the city and by improving the city's economy we can help lift more people out of poverty.

We are committed to developing Leicester's economy by investing in skills and enterprise and by attracting more businesses and investment to the city. We will also support the expansion of local businesses of all sizes, so they can grow stronger and increase employment opportunities for Leicester of people, while retaining more of the generated wealth locally.

This is where we want to focus extra resources over the coming years. These are not the only areas we will work on – it is not a comprehensive list of every important service or activity; there are hundreds of services where we need to maintain our current standards. Our priorities for action represent the areas where we

need to do significantly more than we are doing already. These are the areas where we need to make breakthroughs if we are to have any reasonable chance of realising the vision. However, these are not necessarily priorities for the whole of the next 25 years. Some will be delivered well within that timeframe, allowing us to identify new priorities for action as we make progress.

## **Improvement Targets**

The template on the following pages sets out the indicators, baseline data and targets that make up our Local Area Agreement for 2008 to 2011. These indicators have been selected on the basis that they will provide the best drivers for improvement against the priorities for action in *One Leicester* as well as reflecting central government priorities.

The targets set in this agreement will undoubtedly prove challenging to meet, but do go to set the level of improvement we believe will be needed if we are to deliver our vision for Leicester in 25 years time.

Priority	Indicator(s), including those from national indicator set (shown with a *)	Baseline	LAA Improvement Target, including those to be designated (shown with a *), and including education and early years targets. (WNF Reward weighted targets shown with a**)			Partners who have signed-up to the target and any which are acting as lead partner/s (shown with a *)
			08/09	09/10	10/11	
Investing in our children	NI 50 * Emotional health of children (Placeholder)	N/A  Baseline position to be set by Tell Us Survey	N/A*  Targets to be set at first annual refresh			Leicester City Council*
	NI 54 * Services for disabled children (Placeholder)	N/A  Baseline to be set by DCSF survey	N/A*  Targets to be set at first annual refresh			Leicester City Council*
	NI 56 * Obesity among primary school age children in Year 6	19.6 %  % of children in year 6 with height and weight recorded who are obese	21.5%*	21%*	20%*	Leicester City PCT* Leicester City Council

Investing in our children	NI 59 * Initial assessments for children's social care carried out within 7 working days of referral	62% (2007/8)	63%*	70%*	77.5%*	Leicester City Council*
	NI 65 * Children becoming the subject of a Child Protection Plan for a second or subsequent time	15.8% (unvalidated) 2007/8	11%*	10%*	10%*	Leicester City Council*

Statutory Education and Early Years Targets						
Investing in our children	NI 72 * Achievement of at least 78 points across the Early Years Foundation Stage with at least 6 in each of the scales in Personal Social and Emotional Development and Communication, Language and Literacy	31.7%	40% (summer 09)	X	X	Leicester City Council
	NI 73 * Achievement at level 4 or above in both English and Maths at Key Stage 2	62%	76% (summer 09)	X	X	Leicester City Council
	NI 74 * Achievement at level 5 or above in both English and Maths at Key Stage 3 (Threshold)	59%	69% (summer 09)	X	X	Leicester City Council



Investing in our children	NI 75 * Achievement of 5 or more A*-C grades at GCSE or equivalent including English and Maths (Threshold)	36.4%	48% (summer 09)	X	X	Leicester City Council
	NI 83 * Achievement at level 5 or above in Science at Key Stage 3	64%	71% (summer 09)	X	X	Leicester City Council
	NI 87 * Secondary school persistent absence rate	7.36%	6% (school year 08/09)	X	X	Leicester City Council
	NI 92 * Narrowing the gap between the lowest achieving 20% in the Early Years Foundation Stage Profile and the rest	40.6%	34% (summer 09)	X	X	Leicester City Council
	NI 93 * Progression by 2 levels in English between Key Stage 1 and Key Stage 2	83.6%	96% (summer 09)	X	X	Leicester City Council
	NI 94 * Progression by 2 levels in Maths between Key Stage 1 and Key Stage 2	73.7%	91% (summer 09)	X	X	Leicester City Council
	NI 95 * Progression by 2 levels in English between Key Stage 2 and Key Stage 3	25%	36% (summer 09)	X	X	Leicester City Council
Investing in						

our children	NI 96 * Progression by 2 levels in Maths between Key Stage 2 and Key Stage 3	54%	64% (summer 09)	X	X	Leicester City Council
	NI 97 * Progression by 2 levels in English between Key Stage 3 and Key Stage 4	53.7%	62% (summer 09)	X	X	Leicester City Council
	NI 98 * Progression by 2 levels in Maths between Key Stage 3 and Key Stage 4	24.2%	33% (summer 09)	X	X	Leicester City Council
	NI 99 * Children in care reaching level 4 in English at Key Stage 2	5 out of 14	10 of the estimated 23 (summer 09)	X	X	Leicester City Council
	NI 100 * Children in care reaching level 4 in Maths at Key Stage 2	5 out of 14	12 of the estimated 23 (summer 09)	X	X	Leicester City Council
	NI 101 * Children in care achieving 5 A*-C GCSEs (or equivalent) at Key Stage 4 (including English and Maths)	1 out of 36	6 of the estimated 22 (summer 09)	X	X	Leicester City Council

Investing in our children	NI 110 * Young people's participation in positive activities (Placeholder)	N/A  Baseline position to be set by Tell Us Survey	N/A*  Targets to be set at first annual refresh			Leicester City Council* Connexions Leicester Shire
	NI 112 * Under 18 conception rate	61.2  (2006)	45.1*  (30% reduction from 1998 figures)	37.1*  (43% reduction from 1998 figures)	29.1*  (55% reduction from 1998 figures)	Leicester City PCT Leicester City Council*
	NI 117 * 16 to 18 year olds who are not in education, training or employment (NEET)	8.9%  Nov 07-Jan 08 average	8.4%**	8.1%**	7.7%**	Connexions Leicester Shire*
	NI 118* Take up of childcare by low income working families	12%  (Subject to verification)	14%	16%	18%	Leicester City Council*
Planning for people rather than cars	NI 154 * Net additional homes provided	1,100  (2003/4 – 2006/7)	1,450*	1,750*	1,950*	Leicester City Council* East Midlands Development Agency Housing Corporation English Partnerships
	NI 167 * Congestion – average person journey time per mile during the morning peak	4.08 minutes per person mile  (2004/5)	4.28*	4.32*	4.33*	Leicester City Council*

	NI 175 * Access to services and facilities by public transport, walking and cycling	79.1% (2007/8)	79.4%*	83%*	85%*	Leicester City Council*
Reducing our carbon footprint	NI 186 * Per capita CO2 emissions in the LA area	7.25 tonnes per capita  (2,088,000 tonnes total emissions)  (Defra 2005)	6.97 tonnes per capita*  (3.9% reduction from baseline - 2,008,000 tonnes total emissions)	6.69 tonnes per capita*  (7.7% reduction from baseline - 1,929,000 tonnes total emissions)	6.42 tonnes per capita*  (11.4% reduction from baseline - 1,850,000 tonnes total emissions)	Leicester City Council* (Through the city's Climate Change Programme Board)
	NI 188* Planning to adapt to climate change	Risk assessment currently being undertaken	Level 2	Level 4	Level 4 (review and update)	Leicester City Council*
	NI 193 * Municipal waste land filled	66%  2006/7	56%*	54%*	52%*	Leicester City Council*
Creating safer and stronger communities  Creating safer	NI 1* % of people who believe people from different backgrounds get on well together in their local area (Placeholder)	N/A  Baseline to be set by Place Survey	N/A*  A target representing a statistically significant positive change with the value of statistical significance to be established by the Place Survey will be set once the baseline data is known			Leicester City Council*

and stronger communities	NI 5* Overall/general satisfaction with local area (Placeholder)	N/A Baseline to be set by Place Survey	N/A* Targets to be set at first annual refresh			Leicester City Council* Leicestershire Constabulary
	NI 16* Serious acquisitive crime rate	28.1 offences per 1,000 population (2007/8)	27.3* (3% reduction from baseline)	26.5* (6% reduction from baseline)	25.6* (9% reduction from baseline)	Leicestershire Constabulary* All the other statutory CDRP responsible authorities
	NI 18* Adult re-offending rates for those under probation supervision (Placeholder)	N/A To be set using new baseline model (October 2008)	N/A* Targets to be set at first annual refresh			Leicestershire & Rutland Probation Area*
	NI 19* Rate of proven re-offending by young offenders (Placeholder)	N/A To be set using new baseline model (October 2008)	N/A* Targets to be set at first annual refresh			Leicester City Youth Offending Service* All the other statutory CDRP responsible authorities
	NI 20* Assault with injury crime rate	14.3 offences per 1,000 population (2007/8)	13.9* (3% reduction from baseline)	Targets for 2009/10 and 20010/11 to be set at first annual refresh based on the outcome of Leicestershire Constabulary's post Flanagan Review work on recording of ABH*		Leicestershire Constabulary* All the other statutory CDRP responsible authorities
Creating safer						

and stronger communities	NI 27* Understanding of local concerns about anti-social behaviour and crime by the local council and police (Placeholder)	N/A  Baseline to be set by Place Survey	N/A*  Targets to be set at first annual refresh			Leicester City Council / Leicestershire Constabulary All the other statutory CDRP responsible authorities
	NI 32 * Repeat incidents of domestic violence (Placeholder)	N/A  Baseline position to be agreed through introduction of MARAC in Leicester.	N/A*  Targets to be set at first annual refresh			Leicestershire Constabulary* All the other statutory CDRP responsible authorities
	NI 35 * Building resilience to violent extremism	9/20  Mean baseline: 11/4 = 2.75  = 3	13/20  Mean target 13/4 = 3.25  = 3*	17/20  Mean target: 17/4 = 4.25  = 4*	20/20  Mean target: 20/4 = 5  = 5*	Leicester City Council* Youth Service Youth Offending Service The Race Equality Council Leicestershire Constabulary (and all the other statutory CDRP responsible Authorities) Leicester Council of Faiths Federation of Muslim Organisations (FMO) Islamic Foundation
Creating safer						

and stronger communities	NI 140 * Fair treatment by local services (Placeholder)	N/A  Baseline set by Place Survey	N/A*  Targets to be set at first annual refresh			Leicester City Council* Leicester City PCT Leicestershire Constabulary
	NI 143* Offenders under probation supervision living in settled and suitable accommodation at the end of their order or licence	To be confirmed subject to disaggregation	70%	72%	74%	Leicestershire and Rutland Probation Area*
	Number of social rented affordable homes delivered (gross) <i>(Element of NI 155)</i>	113 (3 year rolling average 2005-8)	131  (actual for year = 130)	122  (actual for year = 90)	207  (actual for year = 400)	Leicester City Council* Registered Social Landlords
Improving health and happiness	NI 39 * Alcohol-harm related hospital admission rates(directly age-standardised rates per 100,000)	2233  (2006-07)	2776*	2970*	3118*	Leicester City PCT* (through Safer Leicester Partnership including all the other statutory CDRP responsible authorities)
	NI 40 * Drug users in effective treatment	1149  (2007/8 provisional figure, to be confirmed August 2008)	1206* (Increase of 5% from baseline)	1218* (Increase of 6% from baseline)	1229* (Increase of 7% from baseline)	Leicester Drug and Alcohol Action Team* All the other statutory CDRP responsible authorities
			Actual numbers based on un-verified baseline, may be subject to change			

Improving health and happiness	NI 120 * All-age all cause mortality rate	Male: 1018 Female: 665 (1995-97) rate per 100k	M:801* F:552*	M:741* F:519*	M:692* F:501*	Leicester City PCT* Leicester City Council
	NI 125 * Achieving independence for older people through rehabilitation / intermediate care	78% (Estimated from outturns from ten DH pilot sites)	80%*	82%*	84%*	Leicester City Council*
	NI 126 * Early access for women to maternity services	71% 2007	80%*	85%*	90%*	Leicester City PCT*
	NI 131 * Delayed transfers of care from hospitals	12.8 2006-07	11.9*	11.4*	10.9*	Leicester City PCT*
	NI 135 * Carers receiving needs assessment or review and a specific carer's service, or advice and information	22.% 2007/8	24%*	27%*	29%*	Leicester City Council*
	NI 142 * Number of vulnerable people who are supported to maintain independent living	97.4% (Q's 1 & 2 2007/8)	98%*	98.5%*	99%*	Leicester City Council*

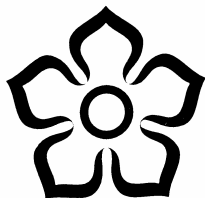


Investing in skills and enterprise	NI 152 * Working age people on out of work benefits	16.7%  (Nomis, February 2007)	16.3%**	15.8%**	15.3%**	Jobcentre Plus*
	NI 153* Working age people claiming out of work benefits in the worst performing neighbourhoods	32.08%	31.4%	30.72%	30.05%	Jobcentre Plus *
	NI 163 * Working age population qualified to at least Level 2 or higher	55.8%  (2006/7 Labour Force Survey)	57.55%**  (1.75% increase)	59.55%**  (2% increase)	61.8%**  (2.25% increase)	Leicestershire LSC*
	NI 165* Proportion of population aged 19-64 for males and 19-59 for females qualified to at least Level 4 or higher	21.5%	21.5%	22%	23%	Universities Learning and Skills Council Leicester City Council etc
	NI 172 * VAT registered businesses in the area showing employment growth (Placeholder)	N/A	N/A*  Targets to be set at first annual refresh			East Midlands Development Agency
	Locally defined indicator for employment land	No definition is yet determined as partners are awaiting the production of an Employment Land Study to be produced in July 2008. Once this study is completed, definition, baseline and targets will be established.				

Improving service delivery	NI 179 * Value for money – total net value of on-going cash-releasing value for money gains that have impacted since the start of the 2008-9 financial year	£344.197m  (Estimated LCC element of total partner baseline estimated at £803.590m)	£10.326m*	£20.910m*	£31.759m*	Leicester City Council* Leicester City PCT Leicestershire Constabulary Leicestershire Fire and Rescue Service
			(Estimated LCC savings contributing to total estimated savings of £24.108m amongst partners)  Equates to 3% of baseline	(Estimated LCC savings. Total savings TBC)  Equates to 6% of baseline	(Estimated LCC savings. Total savings TBC)  Equates to 9.4% of baseline	
<p>The true measure we are working to is the percentage saving, as the figure in £ depends upon service specific calculations of the baseline. Guidance is still awaited in some areas, and a figure cannot yet be given for 2009/10 and 2010/11. Savings achieved by any partner organisation in excess of their target for 2005/06 to 2007/08 (cashable and non-cashable) will count towards the target for each year. The target will be monitored and reported only in aggregate for the whole LAA.</p>						







Leicester  
City Council

**OVERVIEW & SCRUTINY MANAGEMENT BOARD  
CABINET  
COUNCIL**

**5 MARCH 2009  
9 MARCH 2009  
26 MARCH 2009**

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## **CORPORATE CAPITAL PROGRAMME 2009/10**

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### **Report of the Chief Financial Officer**

#### **1. Purpose of the report**

- 1.1 This report recommends updating the “corporate” capital programme for 2009/10 based on the Council’s medium-term financial strategy, and seeks Overview and Scrutiny Committee’s comments before Cabinet recommends the programme to the Council.

#### **2 Summary**

- 2.1 The Council approved a new Financial Strategy in February 2009. The financial strategy supports the Council’s financial policies for the next 3 years within which the capital programme will be set.
- 2.2 The Council’s Capital Programme is derived from the financial strategy. There are three “service” programmes – housing, transport and education, which are for all intents and purposes earmarked; and a corporate programme, which covers all other services. This report relates to the Corporate Capital Programme.
- 2.3 The Council originally approved an interim 4 year capital programme (2008/09 to 2011/12) in March 2008 based upon the priorities and policies set out in the then existing financial strategy. The intention was to revise this on completion of the Sustainable Community Strategy, which was finally published in October 2008.
- 2.4 In November 2008, the corporate capital programme was reviewed as a result of the economic downturn, in particular the council’s ability to generate capital receipts, and Council approved a two year programme (2008/09 to 2009/10) with future years being reviewed as economic circumstances dictate. At the latest, a further review will take place during Autumn 2009.
- 2.5 There are no policy changes proposed to the programme now presented to members, except for the addition of a project to develop amateur football facilities. Other changes are technical and reflect updated views of spending and resources.
- 2.6 There are no uncommitted capital resources in the corporate capital programme.

### **3. Recommendations**

- 3.1 Overview and Scrutiny Committee is asked to give its comments on the draft programme to help inform Cabinet's recommendation to the Council.
- 3.2 Cabinet is asked to:
- i. Recommend the capital programme shown at Annex A to Council, subject to any changes it wishes to make pursuant to comments from Overview and Scrutiny Committee;
  - ii. Recommend to Council the following status of the schemes in Annex A: -
    - (a) Block A, being schemes which can proceed without any further approval, subject to compliance with Finance Procedure Rules;
    - (b) Block B, being schemes for which funding is approved by Council, but for which approval of Cabinet is required prior to implementation;
  - iii. Designate the following as service resources for the purposes of this programme (being resources which fall outside the scope of the corporate programme): -
    - housing capital receipts, with the exception of £1m per annum (as stated in the housing capital programme, these resources are being dealt with as part of the corporate programme and will primarily be used to support schemes which support or complement housing growth);
    - housing, education and transport supported borrowing allocations;
    - profits made by the Housing Maintenance DSO;
    - any supported capital expenditure allocations awarded by central government for specific purposes;
    - third party contributions;
    - departmental revenue contributions.
  - iv. In connection with the revised Finance Procedure Rules: -
    - (a) Recommend that the Council approves a higher decision limit of £5million, being the amount below which the Cabinet can make changes to the programme subject to the revenue impact of changes in the programme being containable within the Cabinet's virement limit;
    - (b) Note that Financial Procedure Rules require approval of a lower limit below which corporate directors can vire resources. A limit will be proposed as part of a forthcoming report reviewing finance procedure rules.
  - v. Note that the above limits apply to the capital programme as a whole, not just the corporate capital programme.

## **4. Resources**

### **4.1 Types of Capital Resources**

4.1.1 Capital resources are sources of funding for capital projects. They include borrowing, capital grants, and the proceeds of the sale of property (capital receipts). The Council has divided capital resource into 2 categories: "Service" resources and "Corporate" resources.

4.1.2 "Service" resources are those resources ring-fenced to a particular service or scheme by legislation or government or local policy (although local policy usually follows government expectation).

4.1.3 "Corporate" resources are those resources that can be spent entirely at the Council's discretion. The Corporate capital programme is only concerned with schemes funded from "corporate" resources. Corporate resources may be "supported" (i.e. funded by central government) or "unsupported" (borrowed by the Council, and paid for out of the revenue budget)

4.1.4 The most significant "service" programmes are housing, transport and education.

### **4.2 "Corporate" Resources**

4.2.1 All capital receipts, excluding housing receipts, have been designated as "corporate" resources for the 2008/09 to 2009/10 capital programme. Other main "corporate" resources are supported borrowing allocations from central government and unsupported borrowing. Supported borrowing is borrowing for which the Government provides funds to pay interest and principal on the debt. Finally, corporate resources include unsupported borrowing, which the Council must pay to service from its own resources. Capital receipts provide a very significant element of corporate resources.

4.2.2 The economic downturn has decimated the capital receipts anticipated a year ago. Future years will be reviewed as economic circumstances dictate and it is proposed to take stock during Autumn 2009.

4.2.3 The Council anticipates receiving £2.2 million, payable over two years, from the capital element of the reward grant derived from local Public Service Agreements. This has been treated as a corporate resource. This is a best current estimate but is subject to Government's response to the audit.

### **4.3 The Government's Capital Settlement**

4.3.1 The main elements of the government's capital settlement for 2009/10 can now be estimated following announcements from various government departments, in particular those for Education and Transport.

4.3.2 The 2009/10 capital settlement also applies to 2010/11, although the housing settlement is only for one year in line with previous practice.

4.3.3 Table 1 shows the main elements of the Government's capital settlement for the next 2 years. In addition to these resources, there will also be funding for bid based programmes for specific services / schemes, which will be incorporated within departmental capital programmes

**Table 1 - MAIN CAPITAL RESOURCES**

	2008/09 £'000s	2009/10 £'000s	2010/11 £'000s
Integrated Transport Package	5,929	5,753	5,554
Urban Congestion Reward*	200		
Road safety grant	83	83	79
Transport – Maintenance	2,359	2,022	2,189
Maintenance – A563 scheme	300	300	380
<b>Education</b>			
New Pupil Places	4,227	4,227	4,227
Schools Access Initiative	612	612	612
L.A, Devolved Formula	5,603	5,553	5,553
Targeted Capital Fund	1,445	0	0
Primary Capital (indicative)	0	4,954	7,332
Modernisation	2,303	2,617	2,821
Harnessing technology grant	902	999	1,090
Extended Schools	577	611	316
Total Education	15,669	19,573	21,951
Social Care (Grant)	305	304	304
Housing (HRA) (est. for 10/11)	5,500	5,500	5,500
<b>TOTAL</b>	<b>30,345</b>	<b>33,535</b>	<b>35,957</b>

\* Urban Congestion Reward Funding – future years' allocations not yet known.

#### 4.3.5 Housing

The housing allocation for 2009/10 support of £5.5 million will be the same as last year.

#### 4.3.6 Social Care

There is a total allocation of £304,000 in 2009/10.

#### 4.3.7 Transport

The allocation for transport has decreased from £8.871m in 2008/09 to £8.158m in 2009/10, with a similar amount for the following year. However, the majority of this reduction is due to a one-off successful bid for preparation costs relating to the Upperton Road Bridge project of £502,000 in 2008/09. Once this is factored out of the comparison, alongside the Urban Congestion Reward funding, there is very little change.



#### 4.3.8 Education

The allocation for Education in 2009/10 has increased overall. Allocations for secondary school modernisation funding and devolved formula funding are reduced because of B.S.F but this is offset by sums to modernise primary schools.

#### 4.4 Other Funding

4.4.1 The overall costs and funding for the programme are as shown in Tables 2 and 3. In respect of capital receipts, this has been estimated following discussions about disposals strategy with the Head of Corporate Projects.

4.4.2 It should be noted that as part of the review of the corporate capital programme, the sum for supported borrowing includes £2.4 million allocated to us for capital works in new housing developments but which will not be required until such time as housing developments take place. As an interim measure, this has been used for the corporate programme. Once the property market recovers, and plans are required, capital receipts will make good this allocation.

4.4.3 Capital receipts projections include a proposed contribution of housing capital receipts towards more general housing objectives, amounting to £2 million in 2008/09 and £1 million in 2009/10. Council received a report in January 2009 identifying pressures in the housing capital programme from shortfalls in right to buy sales, and predicting £0.8 million of these receipts are considered at risk.

4.4.4 Council agreed in November 2008 to retain the sum of £2.245 million as a contingency to support the corporate capital programme if this should not be required for the Digital Media Centre (DMC). This will not now be required for the DMC, but in the light of the continuing difficulty in raising capital receipts it is considered to be prudent to retain this contingency in order to cover potential shortfalls.

**Table 2 – Funding Sources**

	<b>2008/09 £ million</b>	<b>2009/10 £ million</b>	<b>2010/11 £ million</b>	<b>Total £ million</b>
Resources b/fwd from 2007/08	6.4	0.0	0.0	6.4
Supported Borrowing	2.6	0.2	0.0	2.8
Capital Receipts	5.1	3.3	0.0	8.4
Prudential Borrowing	4.1	7.0	14.3	25.4
Earmarked Receipts	0.0	0.0	2.0	2.0
Local PSA	1.1	1.1	0.0	2.2
Slippage to 2010/11	0.0	2.0	0.0	2.0
<b>TOTAL</b>	<b>19.3</b>	<b>13.6</b>	<b>16.3</b>	<b>49.2</b>

**Table 3 – Programme Costs**

	<b>2008/09 £ Million</b>	<b>2009/10 £ Million</b>	<b>2010/11 £ Million</b>	<b>TOTAL £ Million</b>
Programme at Annex A	0.0	10.2	1.9	12.1
Spend from previous years' programmes	10.0	2.6	0.1	12.7
CLABs	4.1	5.6	14.7	24.4
<b>TOTAL</b>	<b>14.1</b>	<b>18.4</b>	<b>16.7</b>	<b>49.2</b>

## 5. Recommended Schemes

5.1 The recommended programme is shown at Annex A. The following section briefly describes each scheme. As stated previously, these have already been approved, with the exception of the scheme to develop amateur football facilities.

### **SCHEMES REQUIRING NO FURTHER APPROVAL (EXCEPT WHERE REQUIRED BY FINANCE PROCEDURE RULES)**

#### 5.2 Replace New Parks Library and Community Learning Centre - £388,000

This provision is the balance of a bigger provision in the 2008/09 programme. The new centre will be sited prominently in the heart of the community next to shops, local housing office and bus stops. It will be a community hub bringing together residents, voluntary and community groups, advisory agencies, education and arts providers, and involving local people in a meaningful way in regenerating their own community. This scheme is funded by the Big Lottery scheme, with a further £80,000 to be met by prudential borrowing within the library service.

#### 5.3 Children's Residential Homes - £100,000

Improvements and modernisation of children's homes including residential facilities and modernising external play areas.

#### 5.4 Property Maintenance - £1 million

The revenue budget for 2008/09, approved on 20<sup>th</sup> February 2008, provided for £4m of existing property maintenance expenditure to be capitalised reflecting the overall pressures on the revenue budget. This "scheme" is in fact the second year of that capitalisation.

#### 5.5 DDA Improvements - £40,000

Rolling programme to improve access to buildings / signage and lift refurbishment in line with the requirements of the Disabilities Discrimination Act.

#### 5.6 Meynells Gorse - £20,000

This includes building refurbishment of the Gypsy and Traveller site, plus landscaping. This constitutes 25% funding for an overall £80,000 scheme (75% being funded by grant).

## **SCHEMES REQUIRING FURTHER APPROVAL**

The following schemes require a further cabinet approval before they can proceed. Such approvals will be based on more detail about the proposed scheme. They may be given in 2008/09 or sought in 2009/10.

### **5.7 Intermediate Care - £3.5 million**

This is the development of a 60 bed Intermediate Care facility. Of these, 24 are for use by the PCT as clinical beds and 36 are for social rehabilitation. Intermediate care facilities are evidenced to promote independence, reduce long term care needs and therefore reduce care costs.

### **5.8 Burial Land Extension - £420,000 Net.**

This is for the development of land for burial land extension (10 acres) at Gilroes Cemetery so as to maintain service continuity. This figure is net of lettings income.

### **5.9 Watercourse Maintenance / Improvements £50,000**

This scheme will carry out urgent repairs and improvements to watercourses in the City reducing the risk of flooding to properties. This includes maintaining the free flow of water throughout the watercourse network and maintains the upkeep of the city's flood retention areas.

### **5.10 Water Hygiene – Up to £345,000**

Remedial work to reduce the risk to employees, customers and public of infection due to contaminated water in buildings as identified in the Water Hygiene Risk Assessments and to set up a system to automate works as required. High risk buildings are considered to be elderly people's homes (where the users are more susceptible to legionella) and leisure centres. The sum set aside for this is a ceiling, and is dependent upon a business case being made to cabinet.

### **5.11 Tree Planting - £200,000**

This is a programme to plant a total of 10,000 trees across the City.

### **5.12 City Centre Youth and Children's Hub - £1.5 million**

This is the City Council's proposed maximum contribution towards a scheme totalling more than £4 million. Grant funding is being sought for the remainder.

### **5.13 Combined Heat and Power - £300,000**

This covers the remaining costs of developing an extension to the combined heat and power scheme within the city centre. The extended scheme should provide cheaper energy and reduce carbon emissions, and the funding would enable the scheme to go ahead, if affordable, based on a business case.

#### 5.14 Local Environmental Works - £400,000

This scheme will enable a programme of local works to be developed improving lighting, conditions of footways and verges, reducing delays to public transport and improving untidy land areas.

#### 5.15 Elderly People's Homes Refurbishments - £250,000

This is part of a rolling programme to maintain and improve existing premises. The sum set aside for this is a ceiling, and is dependent upon a business case being made to cabinet.

#### 5.16 Bridge Refurbishment - £150,000

This is a programme to improve the condition and appearance of bridges, mainly on the Great Central Way.

#### 5.17 Property Schemes – £700,000

These are individual schemes relating to improvements, renovation or Health and Safety for Council properties. The sum set aside for this is a ceiling, and is dependent upon a business case being made to cabinet.

#### 5.18 Community Centres - £100,000

This relates to general property maintenance and improvement.

#### 5.19 Development of Amateur Football Facilities - £3 million

This is an investment strategy to improve amateur football facilities across the city. This is a £10 million scheme for which 70% will be met by external funding. The Council's contribution will be funded by prudential borrowing, for which provision is included in the revenue budget. This will be paid off through specific capital receipts, should the economy improve sufficiently to enable this.

### **6. Previous Programme**

6.1 Members are asked to note that schemes approved prior to the 2008/09 programme are still continuing in some cases.

6.2 Key ones include:-

a) provision for review of centrally located buildings, a very substantial scheme supported by capital receipts and prudential borrowing;

b) the Digital Media Centre, a scheme funded by the Council and external partners which is due to open in Autumn 2009.

### **7. Prudential Borrowing**

7.1 The financial strategy states that the Council will use the prudential framework to finance capital investment in the following circumstances: -

a) “Spend to Save” schemes, where principal and interest costs of unsupported borrowing can be met from savings achievable from up front investment.

b) “Once in a generation” investment opportunities, and a small handful of significant development projects which meet corporate priorities. It is anticipated that unsupported borrowing in this context will only be used to support substantial projects which can attract significant leverage.

c) Investment to meet the decent homes standard, provided such borrowing does not exceed the implied level of capital included in the housing subsidy determinations;

d) As a last resort, as a cost avoidance measure;

e) As an alternative to leasing vehicles and equipment where this is cost effective.

7.2 The Risk Assessment Matrix is attached as Annex B.

7.3 An Equality Impact Assessment has been carried out for the project to develop amateur football facilities and is attached as Annex C.

## 8. Financial Implications

8.1 This report is exclusively concerned with financial issues.

## 9. Legal Implications

9.1 There are no specific legal implications arising from this report. Peter Nicholls, Legal Services has been consulted as Legal Advisor and has confirmed that there are no legal issues arising from the report.

## 10. Other Implications

<b>OTHER IMPLICATIONS</b>	<b>YES/NO</b>	<b>Paragraph References Within Supporting information</b>
Equal Opportunities	NO	
Policy	YES	The programme has been formulated with reference to the approved financial strategy.
Sustainable and Environmental	NO	
Crime and Disorder	NO	
Human Rights Act	NO	
Elderly/People on Low Income	NO	

## 11. Background Papers – Local Government Act 1972

11.1 Council 25/02/09 – Financial Strategy 2009/10 to 2011/12

**12. Consultations**

12.1 All departments have been consulted on the programme. The public has been consulted on capital priorities.

**13. Report Author**

**Steve Charlesworth**  
**Head of Strategy and Development**

<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)

## RISK ASSESSMENT MATRIX

No.	Risk	Likelihood (L/M/H)	Severity Impact (L/M/H)	Control Actions (if necessary / or appropriate)
1	The Corporate Programme is not affordable	L	H	Robust management and monitoring of the funding streams, primarily Capital Receipts.
2	Overspending on a scheme	M	M	Robust financial management of the outturn of schemes. Review and stop, if possible, any non-essential works on schemes.
3	Funding being withdrawn	L	H	Robust management of the conditions of grants from funding bodies. Approval for such schemes is only given once funding is secured.
4	Slippage	H	L	Robust profiling of expenditure on schemes where possible. Monthly progress meetings and regular reports to Members through the Capital Monitoring reports.
5	Accuracy of Estimates	M	M	Wherever possible, a feasibility report and estimate is carried out to establish the likely whole life cost of the scheme

## EQUALITY IMPACT ASSESSMENT

### Capital Programme

Department/service: Developing Amateur Football Facilities

What is the scheme proposed?

The development of amateur football facilities across the City is a major capital investment programme project in partnership with the Football Foundation, Football Association, the Leicestershire and Rutland County FA and 8 partner clubs. The project will receive substantial funding from the Football Foundation, the Primary Care Trust and three of the partner clubs are also contributing to the costs.

7 priority playing field sites and 4 ball court areas have been identified across the City, which meet the aims of the project. Project costs are estimated at £11.3m. The funding of this project was reliant upon capital receipts from property disposals and these have been delayed following the economic slowdown. As a result of this there is a requirement to borrow £3m to bridge the shortfall until such time as the capital receipts are realised and this proposal represents the debt servicing costs.

Which service customers will be affected by this proposed scheme?

How many service customers will be affected?

Developing all Eleven projects of 7 pitches and 4 ball courts across the city.

Leicester has a rich and diverse population and this project will focus on addressing inequalities for poor and BME residents in relation to health improvements

- 290 new teams will be generated
- 3,170 new players participating in football
- 36 clubs will gain FA Charter Standard accreditation
- 5040 youngsters aged 5 – 11 will receive expert tuition from specially trained coaches at the skills centres
- 140 youngsters will join partner clubs after referrals from social inclusion partners
- 28 health related projects will be delivered
- 591 new volunteers will be recruited into running the partner clubs and other site users
- 268 educational courses and workshops will be held with a total of 6009 volunteers attending them
- 922 youngsters will join partner clubs via the creation of new school to club links.



How will the proposed scheme affect customers and the service they currently receive?

It is a new project and will be positive for potential customers, who will be able to use the facilities. Health benefits as highlighted.

How will the proposed scheme affect staff currently providing the service?

Staffing structure drafted. Staff to be recruited under LCC recruitment policy.

Using the attached **equality assessment matrix**<sup>1</sup>, consider what the potential negative impacts this budget proposal is likely to have on the listed equality groups and service priority groups<sup>2</sup>. Each vertical assessment criteria should be considered across all horizontal equality and service priority groups. Indicate (with a X or ✓) within the equality assessment matrix where the budget proposal detracts from customer well-being and therefore creates a negative impact.

List and/or summarise the likely negative impacts of this budget proposal identified using the equality assessment matrix.

There are no likely negative impacts arising from this proposed scheme.

Indicate how these negative impacts to the customer can be reduced or removed.

Not applicable

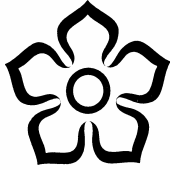
Is there any other information available about the way that the service is provided, or will be provided, that indicates any discriminatory or unequal treatment to any particular group of customers that could open us to legal challenge?

Not applicable



<b>Corporate Capital Programme 2008/09 to 2011/12</b>				
		<b>09/10</b>	<b>10/11</b>	<b>Total</b>
<b>A</b>	<b>Approved</b>	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>
1	Replace New Parks Library & Community Centre (Earmarked Funding - Lottery / R&C and £80k prudential borrowing)	388 (388)	0 0	388 (388)
2	Childrens Residential Homes	100	0	100
3	Property Maintenance	1,000	0	1,000
4	DDA Improvements	40	0	40
5	Meynells Gorse	20	0	20
<b>B</b>	<b>Funding Approval subject to further information</b>			
1	Intermediate Care	3,500	0	3,500
2	Gilroes Cemetery - Burial land extn (net of lettings income	100	320	420
3	Watercourses	50	0	50
4	Water Hygiene (up to a maximum of £345 per annum)	345	0	345
5	Tree Planting	200	0	200
6	City Centre Youth and Children's Hub	1,500	0	1,500
7	Procurement of Combined Heat & Power	300	0	300
8	Local Environmental Works	400	0	400
9	EPH Refurbishments (subject to strategy)	250	0	250
10	Bridge Refurbishment	150	0	150
11	Property schemes to fit within block sum allocated	700	0	700
12	Community Centres	100	0	100
13	Development of Amateur Football Facilities	1,400	1,600	3,000
	<b>Total Spend:</b>	<b>10,155</b>	<b>1,920</b>	<b>12,075</b>





Leicester  
City Council

**Performance & VFM Select Committee  
Cabinet**

**2 March 2009  
9 March 2009**

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## **2008/09 CAPITAL PROGRAMME MONITORING – PERIOD 9**

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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 2008/09 up to the end of December (period 9), and the forecast spend to the end of the year.
- 1.2 There will be a further report showing the outturn position.

#### **2 SUMMARY**

- 2.1 The actual level of expenditure at the end of period 9 totalled £80 million, which represents 67% of the projected spend for the year. Expenditure of £74.3 million was achieved by this time last year, which represented 63% of last years projected expenditure at that time. As this is a new capital programme, this represents good progress with spending.

#### **3 RECOMMENDATIONS**

- 3.1 Cabinet is recommended to:
- i) approve a revised level of programmed expenditure of £119 million;
  - ii) note the level of expenditure to the end of December 2008 of £80 million;
  - iii) note the urgent action taken by the Corporate Director of Resources in consultation with relevant Members in authorising the additional expenditure of £234,500 for the purchase and installation of the two additional uninterruptible power supply units and associated works to be funded within the Accommodation Strategy (former CLABs) financing budget.

- iv) note that the forecast capital programme performance is to spend 91% of the approved programme compared with a target of 90%;
- v) note the position relating to capital receipts; and
- vi) note the prudential indicators for 2008/09.

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 December 2008.

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

4.4 Monitoring information is included in relation to Prudential Indicators.

## **5 POSITION AT THE END OF DECEMBER 2008**

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

5.2 At the end of period 9, 67% of the 2008/09 revised programme of £119 million had been spent.

5.3 Slippage in payments of £4.6 million is forecast. The main areas of slippage are detailed below:

### Children and Young Peoples

Taylor Road Primary School

### Regeneration and Culture

Upperton Road Viaduct

## Resources

### Town Hall Programme

## **6 PROGRESS ON SPECIFIC SCHEMES**

6.1 Details of progress on major schemes in the programme are given below.

### **6.2 Children and Young People's Services**

6.2.1 The approved programme totalled £42.2 million. Additions of £37,000, slippage of £3 million and other changes to the programme have reduced the forecast to £39 million. Expenditure to Period 9 was £25.8 million, representing 65.8% of the revised programme.

6.2.2 Details of progress on schemes are detailed below:

#### a) Devolved Formula Capital

Devolved Formula Capital grant is provided by Central Government to Local Education Authorities, who are required to allocate the funding directly to schools using a simple national formula that includes pupil numbers.

Total spend to period 9 is £2.7 million achieving 59% of the forecast. Expenditure of £4.5 million is forecast.

#### b) Classroom Replacement Programme

The forecast expenditure of £2.5 million includes replacing mobile classrooms in primary schools with new buildings. The highest priority has been given to schools with temporary classrooms that are in the worst condition. The 2008/09 programme includes major projects at Inglehurst Junior and Infants (£145,000), Coleman Primary (£722,000), Charnwood Primary (£330,000), Merrydale Junior (£425,000) and Overdale Junior (£652,000). These account for £2.27 million in total, or 91% of the forecast spend of £2.5 million. Although only 34% of the expenditure has been incurred, current indications are that the programme will be achieved.

#### c) Secondary Schools (Non BSF)

Of the forecast spend of £1.4 million, £750,000 is for New College new Gymnastic Centre and £400,000 for Cherryleas Assessment Centre as approved by Cabinet for inclusion in the 2008/09 programme. New College works started on site in July 2008 and completion is expected in Spring 2009. The slippage to £300,000 relates to Cherryleas which started later than expected and will complete in 2009/10. Spend to period 9 is £823,000, or 74% of the programme.

#### d) Sparkenhoe Primary School Extension

The project includes three new classrooms, new corridors and increased class bases to the main school and to Gopsall Street. The project commenced on site in spring 2008 and is due to be completed in summer 2009. Of the programmed spend of £1.33 million; £581,000 has been spent at period 9.

e) Taylor Road Primary

This new 3-form entry school is planned to open in September 2009. The enabling works package, which included installation of site accommodation, is now complete. Sub-structure works are in progress and commenced in May 2008. A value engineering exercise is being carried out on remaining work packages and it is hoped to finalise the contract sum shortly. Due to the delays on site, this project has resulted in slippage of £2 million. Expenditure of £2.9 million is forecast with expenditure of £1.9 million having been achieved at period 9.

f) Surestart including Children's Centres

The current forecast of expenditure is £2.5 million which includes:

- a. The completion of Phase 1 works (£225,000)
- b. Retentions relating to Phase 2 construction works (£2.2 million)
- c. Surestart Phase 3 (£58,000)
- d. Early Years 10,000

The Phase 1 and Phase 2 works have been successfully completed with only retention sums outstanding. The Phase 2 programme includes 7 new Children's Centres.

Work relating to the funding of Early Years grant of £4.4 million is at a very preliminary stage, with only £10,000 forecast to be spent in 2008/09.

Phase 3 Surestart money will be spent on new centres in the Highfields area, and in Aylestone, Woodgate and Hamilton. This programme is in its early planning stage with a forecast of £58,000 being spent in 2008/09; £1.1 million is programmed for 2009/10.

g) Braunstone Skills Centre

This scheme includes a construction of a vocational centre at Fullhurst Community College. The project commenced on site in February 2008 and is due for completion in February 2009. Of the planned spend for the year of £1.6 million, expenditure of £1.2 million had been incurred at period 9.

h) Children's Homes Essential Repairs and Maintenance

This provision relates to part of a four year programme of £100,000 per annum to undertake essential works at Wigston Lane, Dunblane Avenue, Netherhall Road and Tatlow Road Children's Homes. The programme of works includes improvements to play areas, en-suites to rooms, redecoration of bedrooms and public areas, and improving safety and inclusiveness of external play areas. Expenditure of £100,000 is forecast of which 70% had been incurred.

i) IT Projects

This investment will support the delivery of the Government's E-Strategy. It will also be used to support reporting progress on achievement, attendance and special needs on a timely and frequent basis. The planned spend of £2.3 million is to be funded by Computers for Pupils grant £407,000 and Harnessing



Technology grant of £1.897 million. It is anticipated that full spend will be achieved. Expenditure of £1.2 million has been incurred.

j) Youth Projects

This relates to the provision of high quality youth facilities. The forecast spend of £217,000 is funded by Youth Capital Grant of £161,000 and a sum of £40,000 of Youth Capital Fund Plus (YCFP). The schemes funded by YCFP need to support a broader strategic approach to improving places to go for young people in the local area and there is a further £412,000 programmed for this initiative in 2009/10. Slippage of £312,000 relates to delay in completing the design work in the current year. The revised completion date is September 2009.

k) Children's Play Programme

The City Council has been successful in obtaining a grant from Big Lottery Fund under the Children's Play Programme which will pay for a portfolio of projects. The funding will be used for Open Minded Spaces, Multi Use Play Areas and a Natural Climate Play Trail. Although no spend has been achieved so far, it is anticipated that £52,000 will be spent on Aylestone Meadows.

l) Building Schools For Future (BSF)

Building Schools for the Future (BSF) is a substantial, Government sponsored investment programme intended to transform secondary education. The current Design and Build projects (with the Council paying for the cost of construction, using Government grant) approved for commencement in 2007/08 are Beaumont Leys (at a cost of £14.3 million) and Fullhurst (at a cost of £12 million). Two further new build developments, financed using PFI credits, are at Judgemeanow (cost of £16 million ) and Soar Valley (cost of £20.9 million). The Design and Build schools are part of the Council's approved capital programme and spending is monitored in the usual way. The scope of work for these schools includes partial rebuild and refurbishment and construction on the existing school sites. ICT works for all four schools ( also Government grant funded) are being developed by Northgate Solutions and comprise a central data centre and a network infrastructure to the schools. All work is proceeding according to plan and remains on target. For the Design and Build schools and the ICT work expenditure of £15.2 million is forecast of which £13 million, or 86%, has been incurred by period 9.

### 6.3 **Regeneration and Culture**

6.3.1 The approved programme totalled £44.6 million. Additions of £798,000 and slippage of £743,000 have revised the forecast outturn to £44.7 million. Expenditure of £31 million had been incurred at the end of period 9, representing 69% of the revised programme.

6.3.2 Details of the main schemes in the programme are shown below:

### 6.3.3 Regeneration

#### a) CURVE

Expenditure of 84% of the 2008/09 forecast outturn had been achieved by period 9. The remaining costs, excluding contractual retentions are anticipated to be paid by March 2009.

#### b) Digital Media Centre (DMC)

Construction commenced in November 2007. The total project construction period is 85 weeks. The ERDF construction and spend targets were achieved at 31 December 2008 and, subject to audit verification, this has secured the grant of £2.2 million.

### 6.3.4 Highways and Transportation

#### a) Integrated Transport

There are no changes to the programme since period 7. Expenditure of £7.2 million is forecast which includes over programming of £1.1 million. Expenditure of £4.4 million had been incurred achieving 61% of the forecast spend. This time last year 68% of the forecast spend was achieved.

#### b) Capital Maintenance Programme

The approved programme of other highways improvements totals £2.8 million. This includes over programming of £144,000. All schemes are progressing according to plan. Although only 45% of the forecast expenditure has been spent, it is not anticipated that the schemes will slip. Main schemes are detailed below.

- I. Design work on Old Bow Bridge scheme and Gwendolen Road Bridge continues for a target start in February 2009.
- II. Bridge work at Braunstone Way is now completed with a forecast spend of £330,000. Expenditure of £275,000 had been incurred. Fees and final account remain to be agreed.
- III. Footway works on Gravel Street commenced in January 2009.
- IV. Additional expenditure of £200,000 on the Belgrave Gate/Churchgate scheme (part of the City Centre Development Project works) is to be funded from Capital Maintenance.

#### c) Upperton Road Viaduct

This bridge formally opened on 17 December 2008. Ancillary and snagging work will continue over the next few months. Completed works include demolition of the viaduct and removal of temporary roads and bridges. A plaque was unveiled on the newly re-erected Statue of Liberty. This marked the completion of the major works on the project. Ancillary works, such as minor defect repairs and landscaping will continue over the next few months. Expenditure of £6.784 million is forecast. Whilst the scheme is officially opened, some outstanding works remain (side roads etc).

Additional works yet to be undertaken are:

- I. improved landscaping works
- II. improvements to surrounding roads that were affected by the Upperton Road works
- III. improvements to Great Central Way cycleway junction.

Slippage of £471,000 relates to the re profiling of expenditure from 2008/09 to 2009/10.

d) Other Highway Schemes

Local Environmental Works

The remainder of phase 2 of the 2007/8 LEW programme (£200,000) carried forward into 2008/9 is almost complete. The 2008/9 LEW programme is now well under way, works at Abbey Lane, Bradfield Close, Catherine Street/Sutton Avenue have been completed. Slippage of £60,000 relates to the need for additional consultation with and the timescale to change traffic regulation orders. Expenditure of £540,000 is forecast of which 52% had been incurred.

Bridge Refurbishment

On 17 November, Cabinet approved a sum of £150,000. Work on the refurbishment of Braunstone Lane East is complete with some minor remedial works remaining. The next City Council owned bridge repair scheme will be Aylestone Old Mill Bridge. It is proposed to design this scheme in 2008/9 and construct late in 2009/10. A further report will be taken to Cabinet detailing the

costings and programme of work. Expenditure of £50,000 is forecast, with slippage of £112,000 into 2009/10.

e) Regeneration Schemes

Growth Fund Schemes

The approved programme totalled £1.5 million. A further allocation of £35,000 Growth Fund grant has been received which will pay for the design fees at Abbey Meadows lane.

The Big Picture Campaign

This project now encompasses the cost associated with a programme to develop the "one Leicester" city brand. The addition of £400,000 funded by LSEP will support an existing programme of work being delivered by Leicester Shire Promotions. Expenditure of £582,000 is forecast.

### 6.3.5 Cultural Services

a) Replacement for City Gallery

This scheme will replace the present City Gallery located on Granby Street (the lease on this premises is due to expire in February 2009). Outline plans for development of a new gallery have been worked up and costed. More detailed work is needed to finalise plans and confirm the tender specification. Although

only 11% of the forecast spend of £100,000 has been achieved, it is envisaged this scheme will not slip.

### 6.3.6 Environmental Services

#### a) City Wide Allotment Strategy

Work is progressing in line with the agreed work programme. To date £175,000 of the allocated £327,000 for 2008/09 has been spent. Work for

2008/09 is concentrated in two areas; the provision of compostable toilets and infrastructure improvements.

Major infrastructure improvements have taken place at Groby Road (roadways, gates, water points); Beaumont Leys Lane (fencing); Red Hill (paths, fencing, water points) and Netherhall Road (clearance work, fencing). There are on-going improvements at further allotment sites this year, as per the agreed programme.

Although only 53% of the forecast outturn has been achieved at it is not anticipated that the scheme will slip.

### 6.3.7 Economic Regeneration, Planning and Policy

#### a) Ashton Green

Expenditure of £462,000 is forecast in 2008/09. This will pay for Highway Consultants fees, management costs, and various studies which are required to enable an outline planning application to be submitted. Work from various consultants is needed to take the project forward.

The lifetime expenditure for this project is estimated at £917,000, with £616,000 being funded by Growth Point grant as approved by Cabinet on 5 January 2009. Although only 29% of the forecast spend had been achieved, there is no indication that the project will slip.

## 6.4 Adults and Housing

### 6.4.1 Housing

The approved programme at period 7 totalled £26.3 million. The slow down in the housing market has had a dramatic impact on the Council's capital receipts from Right-to-Buy sales and as a result, reductions of £1.3 million were agreed at Period 7 to the General Fund part of the programme.

The level of expenditure at the end of period 9 was £16.4 million which represents expenditure of 62% compared to the forecast outturn. Details on block sums are shown below:

#### a) Decent Homes Standard & Housing Revenue Account (HRA)

Expenditure has been incurred on a range of schemes including improvements to council dwellings (e.g. replacement of kitchens and bathrooms, rewiring, central heating, replacement of windows and doors), and disabled adaptations to Council properties. The Department is continuing to make good progress towards meeting the Decent Homes Standard by 2010. The programme is proceeding on course, with the level of expenditure to date at £11.9 million. Additional pressures have been identified, including cost of completing the Window and Door replacement (£1.03 million) and the payment for demolition at Godstow Walk (£200,000). These have been accommodated mainly by reducing Kitchens & Bathrooms programme by £1 million, the programme for porches by £375,000 and re-phasing of the Radio System by £280,000. Of the programmed spend of £21.3 million; £8.9 million has been spent. Over programming of £0.9 million has now been eliminated.

b) Housing General Fund

Due to the problems of reduced Housing Capital receipts, all new approvals of Home Improvement Grants, Decent Homes Grants, Home Maintenance Grants and Disabled Facilities Grants have been suspended. Grants where approval has been given will be paid. Expenditure of £4.5 million had been incurred against a forecast of £5 million, achieving 91% of the forecast outturn.

#### 6.4.2 **Adult and Community Services**

The approved programme totals £806,000. Additions of £14,000 and slippage of £138,000 has reduced the forecast level of expenditure to £682,000. Expenditure of £295,000 had been incurred at period 9, representing 43% of the forecast outturn. Details of the main schemes in the programme are given below:

a) Combined Heat and Power

In March 2008, Cabinet approved £400,000 for a Combined Heat and Power scheme. This covers the legal, financial and management costs of developing an extension to the combined heat and power scheme within the city centre. The extended scheme should provide cheaper energy and reduce carbon emissions.

b) IT Investment

This scheme involves the purchase and implementation of an Electronic Care Monitoring (ECM) system within the Domiciliary Care Service. Slippage of £53,000 relates to the purchase of an in-house ECM system solution which is likely to be in 2009/10.

c) Intermediate Care

Intermediate Care facilities promote independence, reduce long term care needs and therefore reduce care costs. There is a relative shortage of provision of such facilities in Leicester compared with other areas of similar population. Discussions are taking place with Primary Care Trust (PCT) and a feasibility study is underway. Forecast expenditure of £105,000 will cover the cost of demolition of Butterwick House, this will then allow for the construction of a new intermediate care facility. Expenditure of 70% of forecast has been incurred.

d) Mental Health

The Mental Health grant of £208,000 will be spent on a number of projects, both in the statutory and voluntary sector. This will support social inclusion, increasing service user and carer empowerment and involvement. This includes the following projects:

- I. Akwaaba Ayeh - extension to building to create space for meetings
- II. Leicestershire Action for Mental Health project - improving access and creating multi-faith prayer spaces
- III. Leicestershire Partnership Trust - purchasing equipment.

Expenditure of £132,000 is forecast.

e) Safer and Stronger Communities (SSCF)

This grant is provided to support the delivery of projects that will contribute to the achievement of the outcomes, targets and indicators in our Local Area Agreement. Expenditure of £132,000 is forecast. Although no expenditure has been incurred, it is envisaged that the expenditure will be incurred.

## 6.5 Resources

The approved programme totals £8.6 million. Expenditure of £481,000 has been brought forward from the 2009/10 allocation and slippage of £676,000 gives a revised forecast of £8.4 million. The level of expenditure to the end of period 9 was £6.5 million, representing 77% of the revised programme. Progress on the main schemes in the programme is detailed below:

a) Hamilton Footbridge

Forecast expenditure of £282,000 represents the Council's contribution to the construction of a footbridge, which will provide a link over Hamilton Way and between the Hamilton Centre, the new Gateway College and proposed new housing developments. The footbridge is progressing well and it is envisaged that the bridge will complete by the end of February.

b) Accommodation Strategy

Expenditure of £3.2 million has been achieved so far this year against a budget of £3.5 million.

Programmes of works are underway for a new Customer Service Centre at Bishop Street, B7 New Walk Centre, Greyfriars and Relocation of Cash Services. These are progressing well. It is anticipated that the work to the Customer Service Centre and Relocation of Cash Services will complete by March 2009 to accommodate new services in April 2009.

Following a failure of one of the Council's Uninterruptible Power Supply units (UPS), the resilience of the arrangements has been reviewed. The Chief Finance Officer has taken urgent action, in consultation with relevant Members, in authorising the additional expenditure of £234,500 for the purchase and

installation of the two additional uninterruptible power supply units and associated works to be funded within the Accommodation Strategy (former CLABs) financing budget.

c) Glenfield Tunnel

This scheme is now complete with final contract payments being agreed. Expenditure of £464,000 is forecast.

d) Mundella Demolition

All buildings on the site have now been demolished to ground level and all foundations and hardstanding removed. Expenditure of £510,000 is forecast.

e) Property Maintenance

Property Health Survey and building maintenance schemes have now been completed, with a residual amount to be paid as retention. Asbestos survey schemes have now commenced. Expenditure of £213,000 is forecast.

f) Property Schemes

The City Council's buildings have been built and/or adapted at various times over the years. Changes in legislation and relevant technology have occurred since the construction of the buildings which have given rise to a number of issues, in particular, with Health and Safety and Environmental legislation. The Council has a duty of care to anyone on its premises and to its employees. Works include Fire Risk reductions, safe roof working, and asbestos remedial work, safe access to water hygiene sites. These works will also reduce the requirement for temporary works by contractors, which are expensive and inefficient. Expenditure of £170,000 is forecast, resulting in a slippage of £30,000 relating to the lack of resources available to undertake the assessments.

g) Revenue and Benefits System & Storage Area Network

The hardware for ICT storage has now been purchased however implementation has been stalled pending work on the corporate UPS. Until this is sorted we can not progress with implementation as the electrical demands would exceed the UPS supply. Implementation will be completed within six weeks after the UPS has been upgraded and thoroughly tested.

h) Town Hall Restoration

Works to this scheme are progressing well. To date the Town Hall Bollards have been installed. Slippage of £285,000 is due to the mosaic floor being programmed in 2009/10. Expenditure of £120,000 is forecast

i) Water Hygiene

The priority list has been assessed; surveys undertaken and work have been commissioned against the allocated budget. Expenditure of £348,000 is forecast.

## **7 CAPITAL RECEIPTS**

- 7.1 The economic downturn has resulted in a dramatic reduction in the Council's ability to raise capital receipts, and thus has significantly reduced capital resources. A revised capital programme was agreed by Cabinet on 17 November and Council on 27 November 2008, which took into account the new reality of reduced receipts, particularly in future years.
- 7.2 Non-housing capital receipts at period 9 amounted to £3.9 million, including those brought forward from the previous year. This now meets the revised target for 2008/09 following the November Cabinet report. It is not expected that there will be any significant further receipts in the current financial year.
- 7.3 The Housing capital receipts target for 2008/09 is £5.5 million of usable receipts, of which £2 million are to be transferred to the Corporate Programme.

Receipts to period 9 are –

Receipts brought forward	£1.2 million
Right to Buy	£3.2 million (£0.9 million usable)
Other sales	£0.6 million (all usable)
Sale of Empty Homes which are recycled into buying more empty homes	£0.6 million

Therefore, receipts of £2.6 million have been generated towards the target of £5.5 million.

- 7.4 In the revised programme which was reported to Council in January this target has been revised downwards to £3.2m to take into account the slowing in the property market. Steps have been taken to make corresponding reductions in the level of spending in this years programme.

## **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 is 91% of the original programme.

## **9 PRUDENTIAL BORROWING**



- 9.1 Details of schemes to be funded by prudential borrowing and the forecast level of expenditure for the period 2008/09 to 2009/10 are shown below:

<b>Approved Prudential Borrowing</b>	<b>2008/09</b>	<b>2009/10</b>
	<b>£000</b>	<b>£000</b>
<b>Corporately Funded</b>		
Property Maintenance	213	1,000
Curve	8,731	324
Accommodation Strategy (CLABS)	3,500	4,249
City Centre Development Project (CCDP)	3,348	
CQ Infrastructure Project	73	
LRC Schemes	250	1,109
Digital Media Centre	690	551
Building Schools for the Future	2,200	
<b>Spend to Save</b>		
Resource Management Strategy	1,100	290
Hamilton Footbridge		81
Housing HRA – General	400	500
Lewisher Road		160
Vehicles in lieu of leasing	1,320	1,500
Property Purchase		354
Saffron Lane Velodrome Demolition	173	
<b>Total Prudential Borrowing</b>	<b>21,998</b>	<b>10,118</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 below (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 (forecast)	48,912	779,789	6.2%
2009/10 (forecast)	58,286	785,289	7.1%

<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 (forecast)	19,647	69,400	28.3%
2009/10 (forecast)	19,357	75,642	25.6%

9.4 The revenue costs in 2008/09 relating to approved prudential borrowing are:

General Fund £5.5 million

Housing Revenue Account £1.77 million.

9.5 The total prudential borrowing now approved by the Council, including planned borrowing in 2008/09 and later years is £114 million.

## **10 PRUDENTIAL INDICATORS**

10.1 The latest forecast of performance in 2008/09 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 Legal Implications - There are no additional legal implications.  
(Peter Nicholls Extension 296302)

### 13 OTHER IMPLICATIONS

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

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297499

Mark Noble  
Chief Finance Officer

<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)

2008/09 CAPITAL PROGRAMME

APPENDIX A

Department	Approved Programme	Forecast Outturn Period 7	Additions	Budget Transfers/ (Reduction)	(Slippage)	(Saving)	Overspend/ Payments Brought Forward	Forecast Outturn Period 9	Payments to end of Period 9	Percentage of Spend compared to Forecast
	£'000	£'000								
<b>Adults &amp; Housing</b>										
Adults	555	806	14		(138)			682	295	43%
Housing	27,517	26,268	715	(732)				26,251	16,428	63%
<b>Children &amp; Young People's Services</b>										
Schools Projects	15,103	17,959	37	(230)	(2,702)		234	15,298	8,052	53%
Non Schools Projects	6,297	9,050		(108)	(312)			8,630	4,705	55%
BSF	15,184	15,223						15,223	13,022	86%
<b>Regeneration &amp; Culture</b>										
Regeneration	16,629	15,191						15,191	12,537	83%
Highways & Transportation	26,796	26,667	505		(643)			26,529	17,265	65%
Culture	2,094	1,512	20		(20)			1,512	581	38%
Environmental Services	848	887	23		(80)			830	356	43%
Economic Regeneration, Planning & Policy	342	346	250					596	256	43%
<b>Resources</b>	4,507	8,588			(676)		481	8,393	6,474	77%
<b>TOTAL</b>	<b>115,872</b>	<b>122,497</b>	<b>1,564</b>	<b>(1,070)</b>	<b>(4,571)</b>	<b>0</b>	<b>715</b>	<b>119,135</b>	<b>79,971</b>	<b>67%</b>

**APPENDIX B**

**2008/09**

**PRUDENTIAL INDICATORS**

	<b>Estimate Period 7</b>	<b>Latest Forecast</b>
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**AFFORDABILITY**

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

Non - HRA	5.98%	6.08%
HRA	16.52%	14.48% *

This expresses the capital financing budget as a proportion of the total budget requirement.

\*Financing costs are lower due to reduction in assumed interest rate from 4.12% previously to 4.5% now.

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

	£000	£000
Unsupported borrowing brought forward	29,913	29,913
New unsupported borrowing	20,366	22,265
Less unsupported borrowing repaid	<u>(3,433)</u>	<u>(3,366)</u>
Total unsupported borrowing carried forward	<u>46,846</u>	<u>48,812</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	20,121	20,121
New unsupported borrowing	400	400
Less unsupported borrowing repaid	<u>(874)</u>	<u>(874)</u>
Total unsupported borrowing carried forward	<u>19,647</u>	<u>19,647</u>

**Estimated incremental impact on council tax & average weekly rents of 2008/09 capital investment decisions**

	£	£
Band D council tax (£1,113.74)	0.00	0.00
HRA rent (£54.86)	0.01	0.01

**PRUDENCE**

**Level of capital expenditure**

	£000	£000
Children & Young People's Services	42,232	39,151
Housing	4,965	5,007
Transport	15,863	15,291
Regeneration	25,995	26,430
Other	12,139	12,013
Total non-HRA	101,194	97,892
HRA	21,303	21,244
Total	122,497	119,136

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

	£000	£000
Non HRA	276,810	277,044
HRA	206,368	206,368

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

	£000	£000
Supported Borrowing	228,678	228,132
Unsupported Borrowing	48,132	48,912
	<u>276,810</u>	<u>277,044</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 limit is £500 million.

**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 limit is £370 million.

**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 & lower limits for the maturity structure of its borrowing**

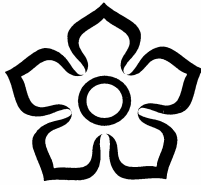
	%
Under 12 months	
upper limit	30
lower limit	10
12 months & within 24 months	
upper limit	40
lower limit	10
24 months & within 5 years	
upper limit	60
lower limit	10
5 years & within 10 years	
upper limit	60
lower limit	10
10 years & above	
upper limit	100
lower limit	10

The upper limit for principal sums invested for more than 364 days is £90 million for 2008/09 and subsequent years.









Leicester  
City Council

Performance and Value for Money Select Committee  
Cabinet

2<sup>nd</sup> March 2009  
9<sup>h</sup> March 2009

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## REVENUE BUDGET MONITORING 2008/09 – PERIOD 9

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### Report of the Chief Finance Officer

#### 1. PURPOSE OF REPORT

- 1.1 The purpose of this report is to show a summary position comparing spending with the budget. The report is the third in the regular cycle of reports for the 2008/2009 financial year showing the budget issues that have arisen so far.
- 1.2 A further report will be presented to Cabinet and the Performance and Value for Money Select Committee in June showing the outturn position.

#### 2. SUMMARY

- 2.1 The General Fund budget set for the financial year 2008/2009 was £261m. Together with the sums carried forward by service departments from 2007/2008 of £0.2m, the revised budget is now £261.2m. After 9 months of the year, 78% of the revised budgets of departments have been spent.
- 2.2 It is apparent that all departments are continuing to face significant budgetary pressures. In particular the Adults and Housing department, together with Resources, are facing significant pressures (and hence potential overspends) of £0.5m and £0.6m respectively. Both departments are taking appropriate action in order to address these pressures. It is essential that these action plans continue to be monitored throughout the remainder of the year in order to ensure a balanced outturn is achieved. The pressures previously reported within the Regeneration and Culture Department are being contained by the redirection of one off monies originally intended for other initiatives.
- 2.3 The areas in which significant budgetary pressures exist are as follows:
  - Children and Young People's Services – Risks and uncertainties associated with major service initiatives.
  - Adults and Housing – The cost of social care continues to be a significant pressure due to a combination of price and demand increases.

- Regeneration and Culture – The department is facing a significant budgetary pressure relating to the new concessionary fares scheme.
- Resources – The economic downturn has had a negative impact on land charges and property services budgets. In addition to this, the ability to deliver savings from the planned departmental review has been overtaken by delivering excellence programme, which together has resulted in significant budgetary pressures.

Further details on the departmental budgetary pressures are provided in Section 6 of this report.

- 2.4 Corporate budgets are anticipating significant savings relating to capital financing costs. This is mainly due to the continued growth in the level of underlying cash balances. Offset against this is a forecast increase in energy costs of £1.7m (over and above the budget) as a result of the global price increases.
- 2.5 It is already evident that the recession is having an adverse impact on budgets in a number of areas. These pressures are anticipated to continue into next year and the budget proposals for 2009/10 reflect this. Nevertheless, the performance report for quarter three suggests that current indicators relating to business and jobs are performing better than expected given the national economic context.

### **3. RECOMMENDATIONS**

3.1 **Cabinet** is recommended to:

- Note the changes made to the original approved budget for 2008/09;
- Note the expenditure to date and the budgetary issues which have emerged so far this year;
- Note the proposals put forward to ensure that spending is contained within the Departments' budgets;
- Note the progress made so far towards achieving the efficiency target;
- Approve the establishment of a new earmarked reserve to enable the carry forward of unspent Area Based Grant monies at year end (as outlined at paragraph 11.2)

3.2 The **Performance and Value for Money Select Committee** is asked to consider the overall position presented within this report and make any observations it sees fit.

### **4. BUDGET FOR 2008/09**

4.1 The General Fund budget for the financial year 2008/09 is **£261m**. After adding the approved carried forward amounts from 2007/08 (**£0.2m**) the budget for the year is now **£261.2m**.

- 4.2 Each Corporate Director is required by Finance Procedure Rules to ensure that services are delivered within budget, and has the responsibility of providing a framework for monitoring the budgets within the guidelines provided by the Chief Finance Officer.
- 4.3 Corporate Directors are responsible for their controllable budgets. These include employee costs, running costs and income. 'Indirect expenditure' or 'below the line charges' are the responsibility of the service provider with the cost of those services being included in the providers' controllable budgets.
- 4.4 The table below details the provisional revised net direct budget for the authority.

<b>Table 1</b>	<b>Original Budget for 2008/09</b>	<b>Approved Carry forwards</b>	<b>Virements</b>	<b>Revised Budget for 2008/09</b>
<b>Department</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Chief Executive's Office	2,735.3	-	2,032.3	4,767.6
Children & Young People	56,286.3	-	1,242.9	57,529.2
Regeneration & Culture	58,456.6	8.6	(106.3)	58,358.9
Adults and Housing	83,962.0	156.6	(225.2)	83,893.4
Housing Benefits	527.6	-	-	527.6
Resources	26,501.3	-	1,218.7	27,720.0
<b>Total Departments</b>	<b>228,469.1</b>	<b>165.2</b>	<b>4,162.4</b>	<b>232,769.7</b>
<b>Corporate Budgets</b>				
Miscellaneous	15,056.4	-	(4,162.2)	10,894.2
Capital Financing	19,806.0	-	(0.2)	19,805.8
<b>General Fund (excl. net recharges)</b>	<b>263,331.5</b>	<b>165.2</b>	<b>0.0</b>	<b>263,496.7</b>
Net Recharges	(2,324.6)	-	-	(2,324.6)
<b>TOTAL GENERAL FUND</b>	<b>261,006.9</b>	<b>165.2</b>	<b>0.0</b>	<b>261,172.1</b>

## **5. SUMMARY OF PROJECTIONS**

- 5.1 The results of the monitoring of the budgets are summarised in Appendix A.

## **6. SIGNIFICANT ISSUES ARISING FROM DEPARTMENTS**

The budgetary issues, which have emerged to date, are as follows:

### **6.1 Chief Executive's Office**

- 6.1.1 The Chief Executive's Office is presently forecasting a balanced outturn. Costs associated with the Delivering Excellence programme are contained within the Chief Executive's portfolio and this is dealt with in more detail at Section 8 of this report.

## 6.2 Children & Young People

### General Fund

6.2.1 The department is currently forecasting net pressures totalling £0.2m on their general fund budgets to be met from departmental reserves. However, the department continues to face a number of budgetary pressures which are a risk to this forecast. These include Transforming the Learning Environment (including BSF), Transforming Leicester's Learning (TLL), vacancies in Senior Management posts which are being covered by external staff, and the CYPS Traded Service Project. The department has taken steps to minimise the pressures through a review of the use of some funding streams and guidance to managers about spending commitments.

6.2.2 The most significant general fund variances are as follows:

- a) Access, Inclusion and Participation – A £0.4m underspend is forecast arising from reprioritisation of funding streams.
- b) Children's Resources – A £0.3m overspend relating to looked after children. New demands have arisen from the need to provide specialised placements, which are expensive, but nevertheless unavoidable.

### Services funded by the Dedicated Schools Grant

6.2.3 These services are under pressure and significant variations in this area are outlined below. The forecast overspend of £0.2m in total will be met from contingencies (as agreed by the Schools Forum).

- a) Independent Schools – The number of pupils supported by this budget had increased significantly in prior years. The growth in pupil numbers has now slowed, and the budget pressure of £0.1m is lower than in 2007/08.
- b) Nursery Education Grant: Net pressures of £0.6m arise predominantly from the need to fund an additional two weeks of nursery provision following the early Easter holiday. The residual overspend is from improved take up of provision, and the consequent impact of both factors on the cost of increasing the grant rate to providers.

6.2.4 There are a number of contingencies built into the DSG allocations and in previous years they have resulted in a significant underspending at year end. However most of these contingencies have been allocated during the course of 2008/09.

### Transforming Leicester's Learning / Raising Achievement Plan

6.2.5 The Transforming Leicester's Learning Action Plan (TLL) is a comprehensive strategy designed to address the issues of low attainment in schools and low aspirations, and to develop and support staff with significant professional opportunities to deliver high quality services to children and young people. The TLL is currently programmed to continue to July 2009. The total budget for 2008/09 including £0.5m of growth is £5.9m, with a further £1.7m in 2009/10. The funding for the TLL is from a number of sources including the revenue budget, grant income, and an earmarked reserve established for this purpose.

6.2.6 Although it is still early, indications are that the redirection of resources towards

this programme is making a difference in terms of improved performance in key areas.

#### 6.2.7 Schools

Schools collectively have budgeted to withdraw from their balances, which stood at £19.3m as at 31<sup>st</sup> March 2008. The latest school budget forecasts collectively indicate a substantial reduction in balances. However, this includes planned contributions to contingencies at a number of schools, and based on previous years' experiences it is felt unlikely that such a large withdrawal will actually occur in practice - all the forecast spending may not take place, and further funding such as the Standards Fund may be received by schools as the year develops. However, the Department recognises there are new pressures on schools such as energy costs, which could lead to higher than usual withdrawals and use of planned contingency sums.

### 6.3 Regeneration & Culture

6.3.1 The Department is forecasting a balanced outturn. However there remain significant budget pressures which have been highlighted in previous monitoring reports and which are being managed through a combination of one off income and deferral of discretionary expenditure where possible.

#### Concessionary fares scheme

6.3.2 Previous reports have highlighted the new concessionary fares scheme as being the most significant pressure (up to £0.9m) facing the department. The scheme was implemented from 1<sup>st</sup> April 2008 and it is intended that the additional costs would be funded by Central Government. In spite of this however, the extra grant provided by the Government specifically for Leicester is insufficient to cover the additional costs that have arisen. This situation is reflected nationally where some authorities have surplus funding and some authorities have a shortfall.

6.3.3 The additional cost in 2008/09 will be offset using one off monies that had been set aside to fund a variety of recycling and waste management initiatives. A budget growth of £1m has been included within the draft budget proposals for 2009/10.

6.3.4 The Department for Transport have indicated that they will be monitoring the impact of the new concessionary fares scheme closely but they remain confident that sufficient funding is currently available, at a national level. There are currently no plans to revisit the funding allocation that has been made to Local authorities for the next three years until 2011. The Council is working closely with the Local Government Association which is making representations to the Department for Transport on the funding shortfalls.

6.3.5 Other budgetary pressures, which are in line with those previously reported, are outlined below. These pressures are being managed through a combination of one off income from a significant VAT rebate, planning delivery grant and the deferral of discretionary expenditure wherever possible.

- The economic slow down is having an adverse impact on the level of building control income which is down by 20% compared with the budget.
- Planning fee income remains below budget with a significant drop in the number of planning applications as a result of the slow down in the property market. Income is forecast to be down by one third (£0.4m).
- DeMontfort Hall is under financial pressure as a result of the downturn in the economy and increased competition from other venues. The Hall will break even this year, but only as a result of using the significant one off VAT rebate mentioned above.

6.3.6 Fleet Management, City Catering, Operational Transport and City Highways are forecasting to breakeven this year. Food cost inflation is increasing City catering's costs and this is being offset by the targeted school meals grant for 08/09.

## **6.4 Adults and Housing**

6.4.1 The department is experiencing considerable volatility and as such continues to face significant budgetary pressures. It is currently forecasting pressures of £0.5m on a net budget of £84m. The most significant issues are outlined in the paragraphs below.

6.4.2 In common with many Local Authorities across the country Leicester's social care budgets are under pressure due to a combination of substantial price increases affecting both in-house and external provider services and increases in demand. In particular there has been a significant increase in demand for home care.

6.4.3 The main financial pressure falling on the former Housing Department has resulted from a reduction in funding from the Supporting People Grant. This has had a particular impact on the Tenancy Sustainment Service.

6.4.4 There has been an improvement to the forecast outturn position presented at Period 7. This is because the Director has instigated a series of actions designed to reduce expenditure in line with the budget. These include:

- Delaying recruitment and where possible holding vacancies
- Maximising the use of external income and partnerships
- Re-negotiating care packages and contracts

6.4.5 There remains several significant risks associated with the above forecast. In addition, final agreement has yet to be reached with the Primary Care Trust regarding their contribution to the Learning Disabilities Pool for 2008/09.

### **Housing Benefit Payments**

6.4.6 The cost of housing benefit payments (£115m) is almost entirely met by government grant. The current forecast indicates a favourable variance, although there are a number of risks and uncertainties that can affect this volatile budget including:

- Possible grant claw back by the DWP arising from the finalising of the

2006/07 grant claim (although a provision has already been made which should be sufficient to meet any claw back);

- Issues and variations relating to the 2007/08 grant claim which is presently subject to audit; and
- Overpayments/overpayment recoveries, to the extent that these exceed budget.

6.4.7 The quarter three performance report indicates that the time taken to process benefit claims is below target. This is primarily due to the level of claims being received due to the economic slowdown. Additional staffing resources have been approved, but it is not expected these will have the necessary impact until 2009/10.

### **Housing Revenue Account**

6.4.8 The HRA has a planned deficit of £0.2m and is forecasting to breakeven. HRA balances are therefore forecast to be £4.4m as at 31<sup>st</sup> March 2009. Proposals contained within the HRA budget for 2009/10 will, if approved, reduce the forecast level of HRA balances to £2.8m at 31<sup>st</sup> March 2010.

6.4.9 There are a number of variances within this position including: an increased revenue contribution to the capital programme. Dwelling rents are expected to exceed the budget by £0.5m: this is mainly because the number of RTB sales is lower than expected due to the economic slow down.

## **6.5 Resources**

6.5.1 The department faces substantial pressures, chiefly arising from:-

- a) Expected savings of £0.6m in the 2008/09 budget to be achieved by means of a restructure, which cannot now progress as it conflicts with Delivering Excellence.
- b) A shortfall of £0.3m in income from land charges arising from the economic downturn.
- c) Continuing high levels of expenditure within the coroner's service, which is outside the control of the Resources Department management.

6.5.2 The DMT continues to keep the position under review, and targets for savings have been issued to each division but these are proving difficult to achieve.

6.5.3 After taking account of the use of reserves and the savings currently forecast by each division, the department is currently showing forecast net pressures of £0.6m

6.5.4 The Departmental Management Team has stopped all non-essential expenditure, and has agreed that any recruitment must only proceed after the relevant Service Director has confirmed the need to progress the recruitment. The team is also considering what further actions can be taken in order to achieve a balanced outturn.

## **7. CORPORATE BUDGETS**

- 7.1 This budget (£30m) includes a number of items that are not within the controllable budgets of any corporate directors. Capital financing (£19.8m) is by far the largest element of the budget but it also includes bank charges, audit fees, levies, and contributions towards job evaluation, together with other miscellaneous expenditure.
- 7.2 Significant savings in excess of £3m are anticipated in capital financing costs. The main reason for this is the continued growth in the underlying level of cash held by the authority – this has been a trend every year and has continued this year, notwithstanding a sizable uplift in the budget assumption. These savings have, however, been offset by falling interest rates.
- 7.3 Offset against this saving is an estimated increase in energy costs. The budget, set in February, assumed an increase in the costs of £1m, however global price increases have exceeded expectations resulting in additional costs estimated to be £2.7m. At its meeting on 29<sup>th</sup> January 2009, the full Council is being asked to approve a transfer from the corporate budget underspend of £1.7m to meet these additional costs in 2008/09.

## **8. DELIVERING EXCELLENCE – SERVICE TRANSFORMATION**

- 8.1 The Council's Delivering Excellence programme has significant financial implications, both continuing and short-term. It is expected that Delivering Excellence will identify areas where the Council is short of capacity, or where new expenditure can deliver goals. It is also expected that the programme will improve our efficiency.
- 8.2 The budget for 2008/09 included a provision of £2m for service transformation and the forecast expenditure is £1.8m. Cabinet on the 1<sup>st</sup> October approved a further £1m in 2008/09, for work to be undertaken to consolidate structures and to progress the DE programme. Actual expenditure and commitments will continue to be monitored closely as the project progresses.

## **9. JOB EVALUATION & EQUAL PAY COMPENSATION**

- 9.1 Cabinet, at its meeting on the 1<sup>st</sup> October 2008 agreed that the proposed Single Status Framework agreement would not be taken forward for implementation. It was also agreed that the project would be re-constituted with the objective of re-designing and implementing a new framework agreement. For the time being monies that had been earmarked to meet the one off costs of the scheme will continue to be set aside. These sums (estimated at £3.8m) will be taken into account when a new scheme is devised. Further sums which had been intended to be spent on retrospective implementation (to July 2007) will continue to be set aside for this purpose. On 26<sup>th</sup> January, Cabinet approved a further £1m spend on project management costs.
- 9.2 Equal Pay Compensation – Cabinet has given authority for settlements of up to



£12m to be made. To date payments totalling £11.6m have been paid, with the majority of this sum (£11.3m) having been made during 2007/08. There are a small number of issues and queries regarding entitlement that are still in the course of being resolved. There also remains a risk associated with a relatively small number of cases that are being pursued through tribunals, although these cases could be disproportionately expensive. Proposals within the 2009/10 budget report seek to increase the provision for equal pay by a further £2m.

## **10. PAY AWARD**

- 10.1 The employers and unions have agreed to refer the 2008/09 pay negotiations to arbitration and it is expected that this process may take some time. In the meantime the employers have agreed to pay their last offer (2.45%) on account pending the outcome of the arbitration process.
- 10.2 The budget for 2008/09 provides for pay inflation of 2.75%. For every 0.1% the final settlement is lower than the budget, a saving of £0.2m will be realised.

## **11. AREA BASED GRANT**

- 11.1 The Area Based Grant (ABG) is being used to support achievement of service outcomes in the local area agreement, which has been negotiated between Leicester Partnership and the Government. In 2008/09 the City Council will receive £26.5m which is allocated across four principal themes: Children and Young People - £11m, Safer and Stronger Communities - £1.2m, Health and Wellbeing - £5.8m, and Economic and Environmental – £7.1m plus a cross cutting allocation of £0.2m. On 1<sup>st</sup> December 2008, the Leicester Partnership agreed to commit £1.3m for the costs of administration and support on an interim basis in 2008/09.
- 11.2 Expenditure to the end of December is just £10.6m or 42%. However, all but two of the delivery groups are forecasting full spend against their allocation. The safer Leicester Partnership and Economic delivery groups are indicating a planned underspend in 2008/09, while some projects that span several years get off the ground. The groups plan to spend all of its 3 year allocation, but under a different annual profile. At its meeting on 28<sup>th</sup> January 2009, the Partnership Executive agreed in principle to the carrying forward of any ABG under-spend at year end to contribute to the overall objectives within the local area agreement. It was also agreed that each delivery group should automatically be able to carry forward its own underspend (although any carry forward will be taken into account when identifying the allocations for the following year). Cabinet is asked to approve the establishment of an earmarked reserve for this purpose.

## **12. EFFICIENCY SAVINGS**

- 12.1 From April 2008 all Councils are required to report the value of cash-releasing value for money gains that they have achieved as one of the 198 indicators in the new national indicator set. There is an expectation that local government should achieve at least 3% per annum cash releasing value for money gains over the spending review period 2008/09 to 2010/11 (CSR 07).

12.2 Although the expectation to deliver 3% cashable savings each year is a national target, as part of Leicester's local area agreement, a local efficiency target has been negotiated with government as one of the targets within the LAA. Leicester City's estimated share of the target is detailed below, together with the forecast savings for 2008/09. The forecast saving includes a significant carry forward from 2007/08.

Year	2008/09	2009/10	2010/11
<b>Target (% of 2007/08 baseline)</b>	3%	6%	9.4%
<b>Leicester's cumulative expected gains (£m)*</b>	10.906	21.812	33.808
<b>Leicester's forecast savings (£m)</b>	11.097		

\*The targets have been adjusted from those previously reported to reflect the latest government guidelines.

12.3 The Council's arrangements to deliver these expected gains are as follows:

- Each departmental revenue budget strategy contains an efficiency plan;
- The efficiency plan for 2009/10 is being prepared as part of the Delivering Excellence programme and will be approved in March 2009;
- DE needs to deliver the required savings from 2009/10 onwards (whether or not these are included in the 09/10 budget); and
- Savings carried forward from 2007/08 count towards the 2008/09 target – 08/09 is being regarded as a transition year.

### 13. INVOICE PAYMENTS

13.1 The Council monitors its performance in relation to the payment of invoices. Whilst for 2008/09 no formal target has been set, an informal **target to pay 94%** of all undisputed invoices on time is in place (the 2007/08 target of 93% was achieved). A payment is deemed to be "on time" if it is paid within 30 days. Performance against this target varies between departments and, if the target is to be achieved, it is important that any deficiencies in Departments' arrangements are identified and rectified promptly. The performance for the month of December was 94.3%, and **the cumulative position for the 9 months to date 94%**. The performance of each department is shown in the table found at Appendix B.

### 14. FINANCIAL INDICATORS

14.1 As part of the 2008/09 budget report, Cabinet and Council approved various financial indicators taken from the council's balance sheet and cash flow statements, these are to be monitored and reported as part of the regular cycle of budget monitoring reports.

14.2 The indicators are attached at Appendix C to this report and include the position as at 1<sup>st</sup> April 2008 together with a forecast for the year ended 31<sup>st</sup> March 2009.

## 15. **FINANCIAL AND LEGAL IMPLICATIONS**

### **Financial Implications**

15.1 This report is solely concerned with financial issues.

### **Legal Implications**

15.2 There are no direct legal implications arising from this report. Peter Nicholls, Service Director – Legal Services, has been consulted on the preparation of this report.

## 16. **OTHER IMPLICATIONS**

<b>Other implications</b>	<b>Yes/No</b>	<b>Paragraph referred</b>
Equal Opportunities	No	-
Policy	No	-
Sustainable and Environmental	No	-
Crime and Disorder	No	-
Human Rights Act	No	-
Elderly/People on Low Income	No	-

## 17. **DETAILS OF CONSULTATION**

17.1 All departments are consulted on revenue budget monitoring.

Author: Lisa Turner

Date: 29/1/2009

**MARK NOBLE**  
**CHIEF FINANCE OFFICER**

<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)

## APPENDIX A

### GENERAL FUND REVENUE BUDGET BUDGET MONITORING SUMMARY 2008/09 - PERIOD 9

	Original Budget	Carry forwards	Virements	Revised Budget for Year	Actual Expenditure to Period 9	Forecast Outturn to Period 09	Forecast Variance over (under) spend - before action is taken	Forecast Variance	% Spend Period 09 2008/09
	£000	£000	£000	£000	£000	£000	£000	%	%
<b>Chief Executive's Office</b>	2,735.3	0.0	2,032.3	4,767.6	2,174.3	4,767.6	0.0	0.0%	45.6%
<b>Children and Young People</b>	56,286.3	0.0	1,242.9	57,529.2	43,146.9	57,529.2	0.0	0.0%	75.0%
<b>Regeneration &amp; Culture</b>	58,456.6	8.6	(106.3)	58,358.9	48,048.2	58,358.9	0.0	0.0%	82.3%
<b>Adults &amp; Housing</b>	83,962.0	156.6	(225.2)	83,893.4	65,676.6	84,370.2	476.8	1.0%	78.3%
<b>Housing Benefit</b>	527.6	0.0	0.0	527.6	395.7	527.6	0.0	0.0%	75.0%
<b>Resources</b>	26,501.3	0.0	1,218.7	27,720.0	22,978.6	28,318.3	598.3	3.7%	82.9%
<b>Total Departments</b>	<b>228,469.1</b>	<b>165.2</b>	<b>4,162.4</b>	<b>232,796.7</b>	<b>182,420.3</b>	<b>233,871.8</b>	<b>1,075.1</b>	<b>0.5%</b>	<b>78.4%</b>
<b>Corporate Budgets</b>									
<b>Miscellaneous</b>	15,056.4	0.0	(4,162.2)	10,894.2					
<b>Capital Financing</b>	19,806.0	0.0	(0.2)	19,805.8					
<b>Total Corporate Budgets</b>	<b>34,862.4</b>	<b>0.0</b>	<b>(4,162.4)</b>	<b>30,700.0</b>					
<b>TOTAL GENERAL FUND</b>	<b>263,331.5</b>	<b>165.2</b>	<b>0.0</b>	<b>263,496.7</b>					
<b>Net Recharges</b>	<b>(2,324.6)</b>	<b>0.0</b>	<b>0.0</b>	<b>(2,324.6)</b>					
<b>TOTAL GENERAL FUND</b>	<b>261,006.9</b>	<b>165.2</b>	<b>0.0</b>	<b>261,172.1</b>					

**APPENDIX B****INVOICE PAYMENT STATISTICS  
APRIL 2008 TO DECEMBER 2008 (9 MONTHS)**

	<b>INVOICES PAID "ON TIME"</b>	
	December %	Year to Date %
<b>ADULTS &amp; HOUSING</b>	94.6	92.8
<b>CHILDREN &amp; YOUNG PEOPLE</b>	92.3	93.0
<b>REGENERATION &amp; CULTURE</b>	96.6	95.8
<b>RESOURCES</b>	92.8	93.9
<b>TOTAL</b>	<b>94.3</b>	<b>94.0</b>

**2008/09 TARGET: 94%**

**FINANCIAL INDICATORS**  
**Forecast Balance Sheet and Cashflow Items**  
**Period 9: 2008/09**

<b><u>Financial Indicator</u></b>	<b>Actual as at 1<sup>st</sup> April 2008 £'000</b>	<b>Forecast at 31<sup>st</sup> March 2009 £'000</b>
<b><u>Balance Sheet Items</u></b>		
<b>Reserves &amp; Balances:</b>		
<b>Uncommitted General Fund Balance</b>	5,475	6,800
<b>Earmarked Revenue Reserves</b>	58,138	62,520
<b>Earmarked Capital Reserves</b>	5,576	6,200
<b>Housing Revenue Account</b>	4,574	4,573
<b>Debtors (excl. Bad Debts Provision)</b>	84,941	74,794
<b>Creditors</b>	(90,397)	(95,396)
<b>Long-Term Borrowing</b>	(285,090)	(276,598)
<b><u>Cash flow Movements</u></b>		
<b>Increase/(Decrease) in all borrowing</b>	(48,752)	(33,128)