



Leicester  
City Council

**Cabinet  
Resources & Corporate Issues  
Scrutiny Committee**

**15 January 2007**

**11 January 2007**

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**2006/07 CAPITAL PROGRAMME MONITORING - PERIOD 7**

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**Report of the Chief Finance Officer**

**SUPPORTING INFORMATION**

**1. CAPITAL MONITORING**

- 1.1 The Council's Housing capital programme was approved in January 2006, Transport and Corporate programmes in March 2006 and the Education programme in May 2006. This report details the actual level of expenditure to the end of October 2006 and the planned programme of works in 2006/07.
- 1.2 The report also considers the extent to which the Council is achieving its programme of asset sales, which help fund the programme.
- 1.3 Monitoring information is included in relation to Prudential Indicators.

**2. KEY ISSUES**

2.1 Key issues that have arisen as part of the monitoring exercise are as follows:

- i) Expenditure to period 7 and forecast outturn.  
Expenditure of £44.7 million had been incurred at the end of period 7, representing 43% of the forecast outturn.
- ii) Slippage  
Slippage in payments of £9 million is forecast. This mainly relates to the following schemes:

Childrens & Young Peoples Services  
Benbow & Crescent Amalgamation (£612,000)  
Classroom Replacements (£250,000)

Regeneration & Culture  
PAC (£3.977 million)  
St Georges Infastructure (£1.021 million)

Housing  
Renovation Grants (£1.1 million)

Adult & Community Services  
Electronic Scanning (£300,000)

### **3. POSITION AT THE END OF OCTOBER 2006 (PERIOD 7)**

- 3.1 The overall financial position for each department is shown in Appendix A.
- 3.2 At the end of period 7, 43% of the 2006/07 programme of £103.3 million had been spent, this compares with 40% at the same time last year.
- 3.3 Performance is variable across service areas; the slippage of £9 million relates to the following areas:

	<b>£000</b>
Childrens & Young Peoples Services	1,353
Regeneration & Culture	6,153
Adult & Community Services	360
Housing	1,233

### **4. PROGRESS ON SPECIFIC SCHEMES**

- 4.1 Details of progress on major schemes in the programme are given below.

#### **4.2 Childrens and Young Peoples Services**

- 4.2.1 The approved programme totals £17.1 million. The current forecast level of expenditure is £16.8 million. Changes to the programme are detailed below. The level of expenditure at period 7 was £8.6 million (50% of the forecast outturn).

##### 4.2.2 Devolved Formula Grant

This grant is devolved to schools for capital projects. Forecast expenditure has increased by £208,000 for the improvement of existing youth premises and to create new local facilities.

##### 4.2.3 Specialist School works

Additional expenditure of £286,000 is forecast; this is in respect of new Standards Fund Grants for Ellesmere College, Moat Community College, Riverside Community College and West Gate School, with £25,000 for each profiled into 2006/07. A further new scheme, Computers for Pupils (with a DfES allocation of £675,000 over 2 years), has been added with £186,000 spend added into 2006/07. A separate report will be submitted for Childrens & Young Persons Scrutiny Committee on the detailed service implications of this initiative. All works are to be funded from Standard Grant allocations.

#### 4.2.4 Braunstone Amalgamations

Slippage of £612,000 is forecast as the Braunstone Primary project is currently 3 weeks behind schedule; however, it is anticipated that the original completion date of early September 2007 will still be met.

There is an anticipated overspend on the Braunstone Primary Schools amalgamations of £599,000, and the main reasons for this are below:

- a. problems with the specification and tender documents provided by the mechanical and electrical consultant led to additional costs and delays to the schemes and in the case of Queensmead Junior acceleration costs were incurred to ensure that the school was open by the beginning of the term, and
- b. variations in the groundworks such as the contaminated land that was found on the Braunstone Primary School.

Cabinet is requested to approve the use of £599,000 additional capital receipts anticipated from the sale of the land at Queensmead Junior to meet the shortfall.

#### 4.2.5 Classroom Replacements

Slippage of £250,000 is forecast relating to both the Braunstone Frith and Catherine Junior schools projects; the original forecast planning timetable provided for a start in the summer 2006 but for practical reasons (mainly relating to the time needed to finalise the design briefs) this was not possible. Both schemes commenced in December 2006.

#### 4.2.6 New Opportunities Sports Projects

Slippage of £176,000 is forecast reflecting delays experienced with the Outdoor Pursuits Centre where the project has been delayed due to problems agreeing the tenant lease. It is anticipated to start on site in Spring 2007.

#### 4.2.7 Surestart (Including Childrens Centres)

All of the Phase 1 Children's Centres were completed in the Spring of 2006. Slippage of £158,000 is forecast as it is taking longer than anticipated to agree final accounts.

#### 4.2.8 Taylor Primary

Expenditure of £195,000 is forecast relating to the Taylor Road Primary scheme. Formal consultation is currently being carried out with the schools and the community for increasing the size of the school. The design for the project has commenced and it is anticipated the works will commence in the summer of 2007.

#### 4.2.9 Building Schools for the Future

Contract negotiations with the preferred bidder for the BSF programme of works are in progress; when this is complete the final position and capital costs will be submitted to Cabinet and Council for consideration and approval. The capital costs are excluded from this report and will only be incorporated when the scheme has received final approval.

### 4.3 Regeneration and Culture

4.3.1 The approved programme totals £47.3 million. Additions, slippage and other changes to the programme have reduced the forecast level of expenditure to £42 million. The level of expenditure at the end of period 7 was £16.4 million being 39% of the forecast outturn.

#### 4.3.2 Performing Arts Centre

The forecast level of expenditure has reduced from £22 million to £18 million. Expenditure of £4 million is forecast to slip into 2007/8 due to delays in the completion of construction work.

#### 4.3.3 Digital Media Centre

An additional £224,000 for feasibility costs has been included in the programme (increasing the forecast outturn to £305,000); this is for feasibility costs only. The cost is to be funded by external sources (LSEP and a private contribution). A proposal for the complete project is to be submitted to a future meeting of Cabinet if the feasibility work is successful.

#### 4.3.4 St Georges Infrastructure Liveability

This project has commenced work on Halford Street and Charles Street, however, there will be slippage of £1.012 million on the overall scheme of works. Work is continuing on Charles Street along with the drawings for the next phase of works.

#### 4.3.5 City Centre Developments

The forecast level of expenditure is unchanged at £4.7 million.

A design consultant for Stage 3 has been appointed and tender documents have been issued and evaluated. A contractor will be appointed thereafter to ensure that the works will be undertaken in 2007/08.

#### 4.3.6 Public Realm

This project is to provide public realm improvements within the Abbey Meadows, Waterside and New Community Intervention Areas. The works will take place over 2006/07 – 2008/09. Expenditure of £735,000 is forecast in 2006/07 relating to the following:

	<u>£000</u>
Abbey Meadows – IT cabling for the Science Park	335
Waterside Works	400

#### 4.3.7 Integrated Transport Block

The approved programme totals £6.9 million; the current forecast is £7.3 million at the end of the year. As in previous years, more transport schemes than necessary have been identified and planned to enable spend to be managed such that by the end of the year actual expenditure matches the resource level. Any overspend at the end of the year will be funded from resources carried forward from 2005/06 to 2006/07 and the 2007/08 allocation.

#### 4.3.8 Bridge Refurbishment

Due to additional and more complex works required on the Braunstone Lane East Bridge together with the need to maintain vehicular and pedestrian traffic, it is anticipated that Bridge Refurbishment funding of £158,000 will need to be brought forward from 2007/8 to fund the total cost of these works.

The bridge is expected to be completed by the end of the financial year and retention payments made 12 months after.

#### 4.3.9 Market Food Court

Slippage of £60,000 is forecast due to problems associated with material quality and with design changes. These problems have resulted in delays in issuing tenders, which are now scheduled to be sent out in December 2006. Work is expected to start in February 2007 and complete in April 2007.

#### 4.3.10 Saffron Lane Sports Facilities

The new track surface and field reconfiguration has been completed and have been awarded certification with both the International Amateur Athletics Federation and UK athletics standards.

The Gym is complete and open, providing a diverse range of facilities that meets the demand of both local and wider community.

The changing block is completed and consists of club room and extensive changing facilities for both able bodied and disabled athletes.

#### 4.3.11 Allotment Strategy

In September Council approved an increase in the capital programme of £1,045,000 relating to the Citywide Allotment Strategy. Expenditure of £200,000 is forecast in 2006/07.

#### 4.3.12 Waste Efficiency & Performance

Approval is sought for additional expenditure of £300,000 to joint fund, with Biffa Leicester, a new shredding facility for the refuse derived fuel produced at the Bursom Ball Mill. This will make the refuse derived fuel marketable to a wider range of users and therefore assist the Council to achieve additional income using the spare processing capacity of the Bursom Ball Mill. This expenditure is to be funded by the capital element of the Waste Performance and Efficiency Grant provided by Defra.

### **Housing**

4.4.1 The approved programme totals £38.7 million. There has been slippage in the programme of £1.1 million. In addition, due to delays in the sale of 2 major sites resulting in a loss of resources (£2.6 million) reductions in the programme have been made. The revised forecast level of expenditure to £34.6 million.

4.4.2 Areas of reduction and delays due to lack of progress in the programme are:

- Central Heating Boilers
- District Heating Pipework
- St Peters Balconies
- Renovation Grants

4.4.3 The level of expenditure at the end of period 7 was £17.3 million. Expenditure has been incurred on a range of schemes including improvements to council dwellings (e.g. replacement of kitchens and bathrooms, central heating boilers, and wooden doors) and Disabled Facilities Grants.

#### **4.5 Adult and Community Services**

4.5.1 The current forecast outturn is £1.309 million.

4.5.2 The programme of works at Elderly Persons Homes includes replacing windows, re-furbishing bedrooms and shower/toilet facilities, fitting door closers, en suite bedrooms, CCTV and minor health & safety prevention work.

4.5.3 The programme for Learning Disabilities Day Services Modernisation includes improving the alarm systems, improving office space and welfare facilities and minor health & safety work, at Layton House, Fosse Neighbourhood Centre & other community bases and Hastings Road Day Centre.

4.5.4 The work on the Highfields Centre is now complete and the remaining spend relates to the construction retention. Expenditure of £113,000 is forecast.

4.5.5 Braunstone Grove (Youth House), Braunstone Cage (MUGA) and Braunstone Changing Rooms – these projects relate to the extension and refurbishment of the former Braunstone Youth House, refurbishment and development of a Multi-Use Games Area and construction of changing facilities for the facilities. The main construction works are complete, the remaining expenditure relates to construction retentions and equipment. The forecast expenditure in 2006/07 is £210,000.

4.5.6 The Electronic Scanning of Paper Records project involves the scanning of existing paper files to allow for electronic retrieval; this is part of the Electronic Record programme. Contract evaluation is now complete, the contract details are to be finalised with a start date for the scheme of beginning of January. Slippage of £300,000 is forecast as scanning will take approximately 15 months to complete.

4.5.7 Expenditure of £169,000 is forecast relating to Information Management. This scheme involves carrying out essential work to the ICT infrastructure. Slippage of £40,000 is forecast mainly relating to the integration of information relating to care for older persons and the implementation of the joint Health & Social Care assessment of older persons.

#### **4.6 Resources**

4.6.1 The approved programme totals £8.3 million. There is an addition to the programme of £150,000 for Bradgate Street (paragraph 4.6.5) increasing the forecast to £8.5 million. The level of expenditure at the end of period 7 was £2.2 million. Progress on the main schemes in the programme is detailed below.

#### 4.6.2 CLABS

The CLABS programme includes a number of projects as approved by Cabinet in July 2005 (at a cost of £4.395 million). Progress is being made in respect of works relating to the Town Hall Relocation, recabling and refurbishment of Greyfriars, the refurbishment of 16 New Walk and Phoenix House Reception. The completion of 16 New Walk allows transfer of staff from Sovereign House and makes that building available for refurbishment. Its retention is included within all options for future provision of CLABS.

Work is continuing on the specification for the strengthening and refurbishment of NWC. Limited expenditure is being incurred until a final decision is made on the future of these buildings, and the future configuration of our office needs.

There have been some changes to the works as approved by Cabinet in July 2005 as detailed below:

- a. Additional expenditure of £100,000 was incurred relating to Wellington House for the construction of a reception service for Housing Benefits and Local Taxation on the ground floor. Undertaking these works has allowed the refurbishment of Phoenix House, in preparation for the co-location of the Housing Options and Advice Service, and moves yet another service out of Welford House, a leased building we will not retain beyond 2008.
- b. Mansion House – work was undertaken to decant staff from the Town Hall and Greyfriars to Mansion House so that work could be undertaken on these buildings (£73,000).

It is envisaged that due the level of expenditure being lower on some projects within the CLABS programme and the contingency sum of £100,000 the sums detailed in (a) and (b) above can be contained within the approved sum of £4.395 million.

Additional approval for the following schemes is sought:

- c. Sovereign House - £385,000 for refurbishment to bring the building up to the same standard as 16 New Walk.
- d. A Block Reception - £198,000 for refurbishment, which will separate visitors and staff and provide ground floor interviewing rooms.

#### 4.6.3 Property Maintenance

The property maintenance programme of works relates to 3 areas:

	<b>£'000</b>
CMF	1,300
Property Health Surveys	800
Property Rationalisation and Area Reviews	<u>73</u>
	<u><b>2,173</b></u>

- CMF - All schemes have been commissioned.
- Property Health Surveys - surveys are progressing well.

#### 4.6.4 Hamilton Footbridge

Following consideration of a report by Cabinet on 25 September relating to the provision of a pedestrian/cycle bridge over the A563 Hamilton Way, the decision was delegated to the Corporate Director in consultation with the Cabinet Lead for Resources and the Ward Councillors. It has been resolved that the bridge should be built. At the meeting it was reported that the cost of the bridge could increase with the City Council contribution increasing from £192,000 up to a maximum of £273,334. The increase to be met from earmarked capital receipts from the sale of land at Hamilton.

#### 4.6.5 Bradgate Street

In June 2005 Cabinet approval was given to the disposal of 2 sites to facilitate the Shires development. In order to complete the sales the Council was required to provide a service road to provide access to these sites and the remainder of the site, at a cost of approximately £150,000.

Approval was given, under delegated powers, to the provision of the service road with the cost being met from the sale of the 2 sites.

#### 4.6.6 Glenfield Tunnel

The current 2006/07 forecast for this scheme has increased from £50,000 to £90,000. This relates to investigative works being carried out prior to strengthening works being carried out in 2006/07. Resources will be brought forward to meet this expenditure.

#### 4.6.7 Disability Discrimination Act Initiatives

In June 2006 Cabinet approved a programme of DDA Initiatives. A number of issues have arisen resulting in delays and savings to some schemes. A revised schedule of works has now been approved by the Corporate Director of Resources, in consultation with the Cabinet Lead Member for Resources and Corporate Issues Scrutiny Committee.

### **5. CAPITAL RECEIPTS**

5.1 The target for capital receipts in 2006/07 is £4 million (excluding receipts ringfenced for specific schemes), however receipts of £368,000 in excess of the 2005/06 target were generated reducing the 2006/07 target to £3.6 million. Receipts of £2.9 million have already been received. It is anticipated that the target for 2006/07 will be met.

5.2 The target for useable Housing receipts is £6.2 million; the current forecast is £3.6 million. As detailed in paragraph 4.4 above the Housing programme has had to be reduced to reflect this reduction in forecast receipts.

### **6. CAPITAL MONITORING TARGETS**

6.1 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.



6.2 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 93% of the original programme.

## 7. PRUDENTIAL BORROWING

7.1 Details of schemes to be funded by prudential borrowing and the forecast level of expenditure for the period 2006/07 – 2008/09 are shown below:

### **Approved Prudential Borrowing**

	<b>2006/07</b>	<b>2007/08</b>	<b>2008/09</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
Property Maintenance	2,173	2,382	1,747
Performing Arts Centre	2	10,728	
CLABSs	2,612	12,559	9,196
City Centre Improvements/Public Realm	5,435	4,186	
<b>Spend to Save</b>			
Wide Area Network	500	93	
Decriminalised Parking Enforcement	190	483	
Museums Collection Facility	40	155	
Part funding of sports facilities at Aylestone			
Leisure Centre & Saffron Lane	300		
Resource Management Strategy	300	1,090	
Allotments Strategy	230	50	
Market Food Court	40	60	
Sports Equipment	250		
<b>Other</b>			
Housing – general *	6,500	3,100	1,000
Lewisher Road		160	
Upperton Road Viaduct	812	1,270	1,325
St Margarets Bus Station	180		
Vehicles in lieu of leasing	2,000	2,000	2,000
<b>Total Prudential Borrowing</b>	<b><u>21,564</u></b>	<b><u>38,316</u></b>	<b><u>15,268</u></b>

\* Proposals relating to future year prudential borrowing relating to Housing are included in the Housing capital programme report elsewhere on the agenda.

7.2 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):

	<u>Cumulative Unsupported Borrowing</u> £000	<u>Gross Revenue Expenditure</u> £000	<u>Cumulative unsupported borrowing as % of GRE</u>
<b>General Fund</b>			
2005/06 (actual)	12,624	647,698	1.94%
2006/07 (forecast)	24,874	667,590	3.72%
2007/08 (forecast)	52,628	673,195	7.82%
<b>Housing Revenue Account</b>			
2005/06 (actual)	15,760	66,777	23.6%
2006/07 (budget)	21,620	77,731	27.8%
2007/08 (forecast)	23,820	79,620	29.9%

7.3 The revenue costs in 2006/07 relating to approved prudential borrowing are:

General Fund £2.8 million

Housing Revenue Account £1.6 million.

7.4 The total prudential borrowing now approved by the Council, including planned borrowing in 2006/07 and later years is £101 million.

## 8. PRUDENTIAL INDICATORS

8.1 The latest forecast of performance in 2006/07 against approved indicators is shown in Appendix B.

8.2 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 PIs due to changes in the forecast level of capital expenditure.

## 9. CONSULTATION

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

## 10. FINANCIAL AND LEGAL IMPLICATIONS

See main report.

## 11. OTHER IMPLICATIONS

<b>Other Implications</b>	<b>Yes / No</b>	<b>Paragraph referred</b>
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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