



Leicester  
City Council

**Cabinet**  
**Resources and Corporate Issues**  
**Scrutiny Committee**

**12 March 2007**

**15 March 2007**

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**2006/07 CAPITAL PROGRAMME MONITORING - PERIOD 9**

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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 December 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 9 and forecast outturn.  
Expenditure of £59.523 million had been incurred at the end of period 9, representing 60% of the forecast outturn. Whilst capital expenditure is often weighted to the end of the financial year a significant level of expenditure needs to be incurred in order to achieve the current forecast.
  - ii) Slippage  
Slippage in payments of £4.357 million is forecast. This mainly relates to the following schemes:

	£'000
City Centre Developments	1,800
Public Realm	595
Sure Start	251
Hamilton Footbridge	192
VREE	150
Intermediate Care	85

### 3. POSITION AT THE END OF DECEMBER 2006 (PERIOD 9)

3.1 The overall financial position for each department is shown in Appendix A.

3.2 At the end of period 9, 60% of the 2006/07 programme forecast level of expenditure of £99.7 million had been spent, this compares with 58% at the same time last year.

3.3 Performance is variable across service areas; the slippage of £4.357 million relates to the following areas:

	<b>£000</b>
Childrens & Young Peoples Services	404
Regeneration & Culture	3,019
Adult & Community Services	260
Housing	256
Resources	<u>418</u>
	<u>4,357</u>

### 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 £16.8 million. The current forecast level of expenditure is £16.55 million. Changes to the programme are detailed below. The level of expenditure at period 9 was £11.38 million (69% of the forecast outturn).

##### 4.2.2 Sure Start

A report was presented at the November 2006 Cabinet which detailed the proposals for the Sure Start allocation for 2006/07 to 2007/08. The allocation has been split into three sections:

Children Centres	£3.635 million
Childcare Services	£779,000
Extended Services	£238,000.

The designing of the seven children centres has commenced, with the Braunstone Frith project being the most advanced with an aim to commence the work on site in early March 2007. It is envisaged that the rest of the projects will

commence over the spring and summer with an aim to completing the works March 2008.

The funding for Childcare Services and Extended Services will be allocated through a Key Stakeholders Panel and this is likely to sit in the next few months to decide on the first tranche of projects. It has taken longer than envisaged to obtain agreement between the three parties on the amounts allocated for each area of work, as a result slippage of £251,000 is forecast.

#### 4.2.2 City Learning Centres

The new fitness suite at the Crownhills City Learning Centre was completed in December 2006. This is earlier than envisaged and therefore payments of £128,000 have been brought forward from 2007/08.

#### 4.2.3 Braunstone Amalgamations

The Queensmead Primary School was completed in August 2006 for the new school term. The final account has now been agreed.

The Braunstone Community Primary School is under construction; whilst the project is 3 weeks behind schedule it is still anticipated that the original completion date for the opening of the school for September 2007 will be achieved.

#### 4.2.4 Classroom Replacements

Progress on the main projects in the programme are detailed below:

Braunstone Frith Infant is due for completion in the Summer 2007.

Catherine Junior is due to be completed at the end of May 2007.

Inglehurst Infant and Junior is currently out to tender and is anticipated that this project will commence in the Spring and be completed in December 2007.

Feasibility studies relating to Mayflower and Coleman Primary Schools are nearly complete; the proposals to carry out the classroom replacement projects at the above schools will be included in the Childrens & Young Peoples 2007/08 - 2008/09 proposed capital programme.

#### 4.2.5 New Opportunities Sports Projects

The City of Leicester New Sports Hall has been used by the school since September 2006. The electrical upgrade was completed in December 2006 which enabled the whole facility to be opened in January 2007. The final account for the project is currently being agreed.

The Sir Jonathan North Tennis Centre was completed at the end of December 2006 and is due to be formally opened at the end of January 2007. The final account for the project is currently being agreed.

#### 4.2.8 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 £42 million. Additions, slippage and other changes to the programme have reduced the forecast level of expenditure to £39.6 million. The level of expenditure at the end of period 9 was £21.2 million being 53% of the forecast outturn.

#### 4.3.2 Performing Arts Centre

A report relating to the Performing Arts Centre has recently been considered by Cabinet and Council. The forecast total project cost has been revised to £59.093 million. The forecast level of expenditure in 2006/07 is £18 million. Construction work is progressing well.

#### 4.3.4 St Georges Infrastructure Liveability

Phase 1 of this project has started. The current construction programme plans for:

- a) Phase 1a Halford Street to be complete by end of February 2007 and
- b) construction work for Phase 1b & c, i.e. Charles Street Junctions at Rutland, Halford and Northampton, to be completed by August 2007.

Phase 2 of the project will overlap with these works. Contractors for the construction of Phase 2 have been shortlisted and the preferred contractor has been identified, it is expected that works on site will commence in June 2007 with a view to complete in time for the opening of Performing Arts Centre.

#### 4.3.5 City Centre Developments

Slippage of £1.8 million is forecast reducing expenditure in 2006/07 to £2.9 million. The reason for slippage is delayed design approval for Stage 3. Concept designs have been approved and are now subject to detailed design.

#### 4.3.6 Public Realm

This project is to provide public realm improvements within the Abbey Meadows, Waterside and New Community Intervention Areas. Slippage of £595,000 is forecast due to a delay in completion of the sale of land to the preferred developer.

From 1 April 2007 the City Council is to receive £1million from the New Growth points initiative, therefore a bigger programme is planned encompassing both sources of funding.

#### 4.3.7 Integrated Transport Block

The approved programme totals £6.9 million; the current forecast level of expenditure is £6.7 million. Any unused resources will be carried forward to 2007/08.

#### 4.3.8 Market Food Court

Slippage of £40,000 is forecast due to tenders being too high. A revised specification is to be prepared.

## Housing

- 4.4.1 The current forecast of expenditure totals £34.37 million compared to the approved programme totals £34.6 million. The main areas of reduction are detailed below:

Godstow Walk Redevelopment – due to the scheme progressing slightly slower than anticipated slippage, of £246,000 is forecast.

Energy Efficiency Grants – the number of grant applications has been lower than anticipated, as a result the forecast level of expenditure has reduced by £80,000 to £145,000.

- 4.4.2 The level of expenditure at the end of period 9 was £22.5 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 £1.049 million. Progress on the main schemes in the programme is detailed below.

#### 4.5.2 Elderly Persons Homes

The programme of works includes replacing windows, re-furbishing bedrooms and shower/toilet facilities, fitting door closers, en suite bedrooms, CCTV and minor health & safety prevention work. Expenditure of £247,000 is forecast.

#### 4.5.3 Learning Disabilities Day Services Modernisation

The programme involves carrying out a range of works including improving the alarm systems, improving office space and welfare facilities and minor health & safety work, at Layton House, Fosse Neighbourhood Centre and Hastings Road Day Centre. The forecast level of expenditure has reduced by £80,000 to £78,000. Slippage is due to several key staff involved in managing the schemes recently leaving and delays in requirements being finalised.

#### 4.5.4 Intermediate Care Projects

There is provision of £87,000, funded by the NHS, to support the development of Intermediate Care within the City. The scheme details will follow from the Intermediate Care Strategy to be developed by the Adults and Housing Department and the recently established Leicester City Primary Care Trust. This will take some time to complete, and therefore the funding will slip into 2007/08.

#### 4.5.5 Mental Health

The capital allocation of £148,000 will be spent on a variety of projects, both in the statutory and voluntary sector, aimed at supporting social inclusion, improving access to support, and increasing service user and carer involvement.

#### 4.5.6 Highfields Centre

The scheme to refurbish and extend the old Highfields Youth & Community Centre (now renamed the Highfields Centre) is now complete.

#### 4.5.7 ICT Investment (Home Care)

This scheme will enable the development of electronic recording systems for home care; this will allow more efficient information, payment and charging systems to be developed. As the specification for the system has not been finalised, expenditure of £76,000 is forecast to slip.

### 4.6 Resources

4.6.1 The approved programme totals £8.5 million. Slippage and other changes to the programme have reduced the forecast level of expenditure to £8.1million. Progress on the main schemes in the programme is detailed below.

#### 4.6.2 Victoria Road/Lewisher Road Link

'Part One' claims (claims for compensation by householders affected by road schemes) have been submitted, however none have yet been agreed. As a result slippage of £150,000 is forecast.

#### 4.6.3 CLABS

The programme includes a number of projects. Progress on the main projects is detailed below:

##### a) Town Hall Relocation

The refurbishment to the Members' accommodation in the Town Hall is proceeding in accordance with the works programme. It is currently one week ahead of schedule and it should be complete by the end of March 2007 with final finishings being completed during April 2007.

##### b) 16 New Walk

Refurbishment to this property is almost complete and the co-location of the Property Division has been achieved, this will improve communications and service delivery to their customers.

##### c) Phoenix House

The refurbished customer reception for Housing Options & Advice is now complete.

#### 4.6.4 Disability Discrimination Act improvements

All works have been commissioned and are expected to be complete by March.

### 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 forecast of usable Housing receipts is £3.6 million.

## 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 90% of the original programme, matching the target. If there is any further slippage the target will not be met.

## 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

	2006/07	2007/08	2008/09
	£000	£000	£000
Property Maintenance	2,173	2,382	1,747
Performing Arts Centre	2	10,728	2,600
CLABSs	2,612	12,559	9,196
City Centre Improvements/Public Realm	5,435	2,906	
St Georges Infrastructure		680	
<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	200	80	
Market Food Court		100	
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>21,494</u></b>	<b><u>37,786</u></b>	<b><u>17,868</u></b>

- 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)	25,018	667,590	3.74%
2007/08 (forecast)	43,790	673,195	6.50%
<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 £2.7 million

Housing Revenue Account £1.6 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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