



Leicester  
City Council

Cabinet  
Select Committee

June 25 2007

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## 2006/07 CAPITAL PROGRAMME - OUTTURN

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### Report of the Chief Finance Officer

#### 1. PURPOSE OF REPORT

- 1.1 Capital expenditure is spending on major projects such as new buildings and improvements to infrastructure. It is funded from a combination of borrowing, asset sales and grants.
- 1.2 The purpose of this report is to show the outturn position of the 2006/07 capital programme.
- 1.3 Unlike the revenue budget, capital spending is managed on a multi-year basis, and the key issue arising from monitoring tends to be "slippage"; projects taking longer than expected resulting in payments being made later than expected. Slippage is something which we try to prevent, as the benefits of a scheme are consequently delayed. However, some slippage also arises from payments on completion of work being retained for longer than expected.

#### 2. SUMMARY

- 2.1 This is the final capital monitoring report for 2006/07, following reports of the position as at the end of periods 3, 7 and 9.
- 2.2 The originally approved capital programme for 2006/07 totalled £112.9 million. This was subsequently revised following capital monitoring exercises; the forecast outturn at period 9 was £99 million.
- 2.3 The actual level of expenditure for 2006/07 was £96.634 million as shown below:

	<b>£000</b>
Approved Programme	99,045
Additions	320
Payments brought forward	3,689
Slippage	<u>(6,420)</u>
	<u>96,634</u>

This expenditure relates to the following areas:

	<b>£000</b>
Children & Young People's	17,047
Regeneration & Culture	35,939
Housing	34,503
Adults	685
Resources	<u>8,460</u>
	<u>96,634</u>

- 2.4 In total, slippage of £22.7million has been reported during the year, which is higher than we would have wished. Whilst slippage is a problem in many local authorities, it is believed the key issue is good forecasting when the capital programme is set, and we will seek to ensure that the necessary rigour is brought to bear when the next capital programme is prepared.
- 2.5 Some capital expenditure is paid for from the sale of assets (capital receipts) which are also monitored. Targets are set at the beginning of each year for housing and other services.
- 2.6 The capital receipts (non-housing) target was £3.6 million for 2006/07. Receipts of £3.1 million have been generated in 2006/07. The shortfall will be included in the 2007/08 target.
- 2.7 Useable capital receipts of £5.1 million were generated from the sale of housing assets.

### **3. RECOMMENDATIONS**

3.1 Cabinet is recommended to:

- i) note the actual level of expenditure of £96.634 million;
- ii) approve slippage of £6.42 million to 2007/08;
- iii) note the position relating to capital receipts;
- iv) note that the capital programme performance is 85% of the approved programme compared to a target of 90%;
- v) note the progress on significant schemes;
- vi) note performance against the prudential indicators for 2006/07.

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. HEADLINE LEGAL AND FINANCIAL IMPLICATIONS**

- 4.1 This report has been discussed with Peter Nicholls; there are no additional legal implications.
- 4.2 This report is concerned solely with financial issues.
- 4.3 Legal Implications – Peter Nicholls Ext 6302  
Financial Implications – Nicola Harlow (Report Author) Ext 6432

<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)

**Mark Noble**  
**Chief Finance Officer**