



Leicester  
City Council

**Performance & VFM  
Select Committee  
Cabinet**

**3<sup>rd</sup> July 2008  
23<sup>rd</sup> June 2008**

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## **2007/08 CAPITAL PROGRAMME MONITORING – OUTTURN**

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

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

The purpose of this report is to show the outturn position of the 2007/08 capital programme. Previous reports have been presented to Cabinet and the Select Committee in October, January and February.

#### **2. SUMMARY**

- 2.1 The actual level of expenditure at the end of March 2008 totalled £114.2 million. The expenditure at outturn represents 96% of the period 9 projected spend for the year. Expenditure of 97% was achieved this time last year.
- 2.2 The programme is funded in part by the capital receipts from the sale of assets. This target has been met for the financial year.

#### **3. RECOMMENDATIONS**

- 3.1 Cabinet is recommended to note:
- i) the level of expenditure to the end of March 2008 of £114.2 million;
  - ii) the position relating to capital receipts;
  - iii) the capital programme performance of spend 88% of the approved programme (excluding any additions or expenditure brought forward) compared to a target of 90%;
  - iv) the prudential indicators for 2007/08

and asked to request Council to vary the limit associated with the Cabinet's discretion to revise the capital programme. For the purposes of finance procedure rule 5.3.3, approval of a higher decision limit of £5m is proposed, being the amount below which Cabinet can make changes to the capital programme, subject to the revenue impact of changes in the programme being containable within the Cabinet's virement limit.

- 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.

#### **4. CAPITAL MONITORING**

4.1 The capital programme is split into 4 main categories:

- a) the Transport programme;
- b) the Education programme;
- c) the Housing programme; and
- d) the corporate programme, which covers all other services.

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

4.3 This report details the actual level of expenditure to the end of March 2008.

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

4.5 Monitoring information is included in relation to Prudential Indicators.

#### **5. KEY ISSUES**

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

- i) Actual expenditure of £114.2 million had been incurred at the financial year end representing 96% of the forecast outturn.
- ii) Further slippage in payments of £9.2 million has occurred, in addition to slippage reported at period 9 of £7.7 million. The main areas of slippage are detailed below:

Adult & Housing Department

St. Peters Balconies  
Beaumont Leys  
Highfields Centre  
Mental Health SCER

Children & Young People's Service Department

Surestart including Childrens Centres

Regeneration & Culture Department

Upperton Road Viaduct  
City Centre Developments  
Brite Centre

## **6. POSITION AT THE END OF MARCH 2008 (OUTTURN)**

- 6.1 The overall financial position for each department is shown in Appendix A.
- 6.2 At outturn, 96% of the 2007/08 programme of £114.2 million had been spent. Performance is variable across service areas.

## **7. PROGRESS ON SPECIFIC SCHEMES**

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

### **7.2 Children and Young People's Services**

- 7.2.1 The approved programme totalled £27.2 million. Slippage of £2.7 million and expenditure brought forward of £2.1 million has occurred. Total expenditure for the year was £27 million. There have been two additions to the programme approved in March, Soar Valley Netball Centre and New College Gymnastic Centre

Details of progress on schemes are detailed below:

- a) Devolved Formula Capital  
Devolved Formula Capital 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. Expenditure of £3 million was forecast on a range of projects. The actual expenditure incurred was £4.7 million. It is difficult to forecast expenditure on this element of the programme as the funding is directly controlled by the individual schools. The increased expenditure will be funded from grants brought forward from previous years.
- b) Environmental & Education Programme  
Expenditure of £50,000 was forecast relating to an Environmental and Education Programme. This involves the carrying out of surveys in schools to assess current energy consumption and identify areas for improvement. The actual expenditure on this programme was £18,000, which has resulted in slippage of £32,000. It has not been possible to carry out projects over the Easter holidays as planned and it is envisaged that the works will be carried out over the summer holidays.
- c) School Kitchens Projects  
School kitchen projects were completed in this financial year at Dovelands Primary, Stokeswood Primary School and Caldecotte Primary. Feasibility studies have commenced on a further two schools but due a number of site restrictions on both sites these projects have been unable to proceed. A feasibility study is

currently being carried out for the refurbishment works at Marriott Primary, if successful it is envisaged that the works will be carried out over the summer holidays.

The forecast for expenditure was £491,000, but the actual expenditure was £680,000, the difference will be funded from bringing forward future years funding.

d) Specialist Schools Works

Expenditure of £318,000 was forecast relating to funding for specialist status projects. This expenditure relates to status projects, which have been completed on site at Ellesmere College (sports) and Moat Community College (science). The West Gate School (business management) is due to be completed in the summer of 2008.

There has been slippage of £118,000 which mainly relates to the project delays at West Gate School.

e) Classroom Replacement Programme

This programme relates to the replacement of mobile classrooms in Primary Schools with new buildings. This year the following projects have been completed:

- i) Braunstone Frith Infant and Junior School (2 class bases)
- ii) Catherine Junior (2 class bases)
- iii) Inglehurst Infant and Junior School (5 class bases)
- iv) Mayflower Primary School (2 class bases)

The forecast expenditure was £2.56 million with actual expenditure of £2.69 million. There has been additional expenditure of £130,000 overall on this programme, will be funded from bringing forward future years' funding at Inglehurst Infant and Junior and Mayflower schools.

f) New Opportunities Sports Projects

This is an ongoing programme with sport facilities being constructed at various sites. This includes, Fullhurst Community College (new sports hall); Moat Community College (multi purpose pitch), Soar Valley Community College (multi purpose pitch), Sir Jonathan North Community College (new tennis centre), City of Leicester Community College (new sports hall) and the Out Door Pursuit Centre (OPC) (new ropes course and proposed improvements to existing accommodation).

All projects are completed apart from the proposed building improvements at the OPC, meetings are being held with OPC to agree the priorities for these works, which will hopefully be carried out in the summer.

Slippage of £39,000 relates to final accounts that have not been agreed and lower spend on the OPC than anticipated.

g) Braunstone Community Primary School Amalgamation

Braunstone Primary School was completed in the summer of 2007. The final account has been agreed. Additional expenditure of £16,000 has been incurred and will be met from bringing forward future years' funding. The vacant site at Benbow Rise Infant school is currently being disposed of by Property Services,

tenders have been received and it is envisaged that the Council will receive the capital receipts by the end of the 2008/09 financial year.

h) Taylor Road Primary School

This project involves building a new school on the existing site. The design of the school has commenced, and the floor plans for the building are being finalised. The project is being procured through an East Midland Council framework known as SCAPE, the contractor has been appointed and is currently tendering the work packages. The project is starting on site at the end of May 2008, with the school planned to move in September 2009. External works are due for completion by the Autumn 2009.

There has been slippage of £83,000 due to expenditure on fees to date being lower than anticipated.

i) Childrens Centres

The Children's centre programme is designed to improve facilities for all children and particularly those children living in disadvantaged areas. The new children's centres will provide high quality childcare between 8am and 6pm including study support, parenting and specialist support and wider community access to ICT, sports and arts facilities.

The programme is split into two phases, phase one relating funding received from 2004/05 to 2005/06 and phase two from 2006/07 and to 2007/08.

The level of forecast expenditure was £3.1 million at period 9 for both phases. There has been slippage to phase one schemes of £271,000 which relates to final accounts that have yet to be agreed. There has been over and underspends and slippage on phase two of the programme with a net effect of £327,000 slippage. Additional expenditure on individual schemes will be met from bringing forward future years' funding.

Details of the phase two programme of works including areas where additional expenditure or slippage has occurred are detailed below:

Imperial Avenue refurbishment – was completed in early February 2008 and additional expenditure has been incurred of £71,000.

Braunstone Frith Children Centre- was completed in November 2007 and additional expenditure has been incurred of £29,000.

Mellor Primary new build - The project commenced on site in February 2008 and is due to be completed at the end of July 2008. Slippage of £5,000 has been incurred.

Mowmacre Hill refurbishment and extension - The project is currently being tendered and is anticipated to commence on site at the beginning of May and due to be completed in November 2008. Additional expenditure has been incurred of £19,000.

Rowlatts Hill new build – The project commenced on site in December 2007 and is due to be completed at the end of May 2008. Slippage of £37,000 has been incurred.

Scraptoft Valley extension – The project commenced on site in July 2007 and was completed in March 2008. Additional expenditure has been incurred of £83,000.

North Evington Children Centre - The project is likely to commence in April 2008 and be completed in November 2008. This project was further delayed, while agreement was reached over the partial closure of the park on site and unforeseen problems with levels. As a result slippage has been incurred of £63,000.

There has been slippage on Sustainability and Extended Services of £425,000, due to these projects being put on hold as result of increases in costs for the children centres. Adjustments under the Sustainability and Extended Services programmes will be made at the first monitoring report in 2008/09 to provide funding to meet the additional costs on the Phase 2 Children Centres.

j) Braunstone Skills Centre

This scheme involves the construction of a new training centre, which will provide vocational training in engineering and construction. The scheme commenced in March 2008 and is anticipated to be completed in September 2008. The additional expenditure of £57,000 will be met from bringing forward future years' funding.

k) Children's Residential Home

This scheme will provide improvements to bedrooms, bathrooms and kitchen facilities in Children's Residential Homes. Expenditure of £105,000, was forecast at period 9. There have been delays in completing these works resulting in slippage of £78,000.

l) Building Schools for the Future

Building Schools for the future (BSF) is a substantial, Government sponsored investment programme intended to transform secondary education. Funding of £236 million has been earmarked for Leicester. Financial close for the first of four phases was reached in December. Expenditure of £11.4 million of expenditure was incurred at outturn, this includes the prepayment to Millers as part of the contract agreement. Slippage of £719,000 relates to milestones at Beaumont Leys and Fullhurst slipping into the next financial year.

Additions to the Children and Young People's Services

- m) The Soar Valley Netball Centre is an addition to the programme approved by the Chief Finance Officer in consultation with the Leader as a matter of urgency in order to secure the grant as discussed below at the end of March 2008.

The project is for the construction of a new two-court centre with a viewing gallery. The facility will be utilised by the school, the local community, the local

netball leagues, the County Netball Association, England Netball and also as a venue for national events such as the Special Olympics in 2009.

The anticipated cost for the project is in the region of £690,000. The funding for the project is from Sport England grant in the sum of £370,000, £20,000 from Leicester City Netball League, Soar Valley Community College £100,000, and £200,000 from the department's capital programme (modernisation 06 07 £100,000 and Basic Need Funding 08 09 £100,000).

The project is currently being tendered and is anticipated to start in the summer and is due to be completed by the end of the year. Once built the netball facility will be managed and maintained through the same BSF FM agreement as the other facilities on the site.

- n) The New College Gymnastic Centre is an addition to the programme again as a matter of urgency in March 2008.

The project is for the construction of a new gymnastic centre with a seating area. The facility will be utilised by the school, the local community, the Hinckley Gymnastic Club and British Gymnastics and also as a venue for national events such as the Special Olympics in 2009.

The anticipated cost for the project is in the region of £1,070,000. The funding for the project is from Sport England grant in the sum of £500,000 and the balance through the BSF funding for New College.

The BSF funding for New College has currently not been allocated and is subject to the forthcoming strategy for change. In principal, Partnership for Schools have agreed to the use of the BSF funding, for this project. The college have signed up to the project and accept that the funding for the Gymnastic centre will be deducted from any overall BSF allocation for the college. In the event that the BSF New College funding is not secured, the balance of cost would be met from unallocated basic need allocation in the departments' capital programme or future years' modernisation.

The project is currently being tendered and is anticipated to start in the summer and is due to be completed in the spring of next year. Once built the netball facility will be managed and maintained through the same BSF FM agreement as the other facilities on the site.

### **7.3 Regeneration and Culture**

7.3.1 The approved programme totalled £53.95 million. Additions, slippage and other changes to the programme have reduced the actual expenditure to £50.8 million. Details of the main schemes in the programme are shown below:

#### **7.3.2 Regeneration**

##### **a) Curve**

The construction of the Curve Theatre in the Cultural Quarter is progressing well, with the internal fitting out underway, to allow for an autumn opening. Actual

expenditure for the year was £18.24 million against a forecast of £15.76 million. Expenditure of £2.5 million brought forward includes early settlement with the contractor for extension of time and associated costs.

Curve is currently forecast to exceed the budgeted expenditure on completion in 2008/09 by £2 million as a result of further extensions of time and additional construction costs. The additional costs will be funded wholly by an additional grant from EMDA which was received in April.

b) Digital Media Centre (DMC)

Construction commenced on 28 November 2007 with a total project construction period of 85 weeks. Construction works are scheduled to complete on 26 June 2009 with the Depot 2 elements scheduled for completion by 31 December 2008. The phasing of the expenditure on DMC across the financial years 2007/08 and 2008/09 were based on estimated cash flows and actual expenditure in 2007/08 is ahead of this forecast by £717,000. This does not mean that the project is ahead of schedule, but, at the time of reporting, the project is still forecast to be completed by 26 June 2009.

7.3.3 Highways and Transportation

a) Integrated Transport

The total amount of funding available to the Integrated Transport programme was £6.87 million for 2007/08. The final spend was £7.071 million, an overspend of £175,000, which is to be funded from the 2008/09 allocation. The main changes to the programme compared to Period 9 are as follows:

Quality Bus Corridors

There was under-spend of £478,000 on the Pork-pie scheme, savings were made as no properties were eligible for noise insulation, and contingencies and site testing were not necessary. In addition to this, Public Utilities costs were much lower than originally forecasted.

Park and Ride Services

There was an under-spend of £122,000 on the jointly funded Enderby Park & Ride scheme which is being project managed by Leicestershire County Council. The actual spend is lower than budgeted as some of the site investigations, surveys and procurement of the Contractor have slipped into 2008/09 due to reprogramming of the scheme.

Signing

There was an under-spend of £186,000 which is mainly due to the City Centre Wayfinding scheme where electronic kiosks required additional information before installation. This has resulted in delays due to more research which is needed on the type of information required. In addition to this, it has taken more time to prepare for the design of the fingerposts.



### Rights of Improvements

There was an under-spend of £51,000 which is mainly due to King Williams Bridge where works have just completed prior to the end of the financial year so we are still awaiting the final invoice for remedial works.

### b) Upperton Road Viaduct

This scheme is being paid for by grant from the Department for Transport; full approval to the scheme was received in March 2007. Construction work started on 30 April 2007 with completion anticipated in December 2008. There was expenditure of £6.97 million and further slippage of £3.13 million primarily due to the statutory undertakers' final payments not being made until next financial year as their works are yet to be completed. Furthermore, bridge beams delivery to site has been delayed, hence expenditure will slip into 2008/09. The scheme is expected to be completed on time and on budget.

### c) Capital Maintenance & Other Highway Schemes

The Capital Maintenance allocation for 2007/08 was £1.838 million (base allocation), plus DfT Bridges on the primary route network funding of £258,000, plus carry forward of £129,000 from 2006/07. This amounts to a total of £2.225 million available for 2007/08. Final spend for 2007/08 was £2.250 million. The overspend of £25,000 is to be funded from 2008/09 capital maintenance allocation.

### Bridges

Progress has been good with the Bridge works on Coleman Road, Uppingham Road and St Margaret's Way northbound and southbound completed. Reconstruction of Fosse Road S, Glenbourne Road and Hastings Road have been completed. Construction work on Spencefield Lane has been delayed to 2008/9 so as to fund the emergency works on Glenbourne Road.

### Footway

Footway works have been completed on Chesterfield Road, London Road, Glenfield Road, Trenant Road, Imperial Avenue, Evington Road and Evington Valley Road.

### d) Local Environmental Works

In July 2007 Cabinet approved a programme of works totalling £380,000. This allocation was available to fund minor environmental works such as laybys, verges and improvements to land. Works for phase one of the 2007/08 programme started after discussions with local Councillors and residents. Cabinet approved £250,000 on 7<sup>th</sup> January 2008 for Phase 2 Environmental Works.

A number of schemes have been completed in 2007/8. However due to time constraints, and major statutory undertaker's work taking place near two schemes in Eyres Monsell which have delayed these works. There is an under-spend in 2007/08 of £100,000 on this programme which is fully committed and will be spent in April/May 2008.

e) Regeneration Schemes

The City Centre Development scheme is improving the infrastructure of the city centre by undertaking resurfacing works, improving lighting and installing new seating and litter bins.

Progress on the main areas of the project is as follows:

1. Work to reconstruct High Street, Clock Tower, East Gates, Carts Lane and Cheapside commenced in August 2007 and is continuing with a programmed completion date of 1st September 2008. New trees are being provided in the Clock Tower area and along High Street in primarily grey granite paved areas with feature lighting. Work is progressing well despite the unexpected need to replace a major highway drain and remove concrete formations of former tramways.
2. Work to reconstruct the southern end of Gallowtree Gate (around Market Place Approach) and part of Granby Street (as far as Bishop Street) commenced in August 2007 and is continuing with a programme completion date of 1st September 2008. The area will be much more open and accessible than before with 4 new trees and feature lighting.
3. The scheme to reconstruct Loseby Lane with block work and asphalt commenced in March 2008 and is due for completion in June 2008.
4. Work on wayfinding including the provision of pedestrian signs and electronic kiosks continued and are programmed for completion by late August 2008.
5. Schemes for Belvoir Street and Horsefair Street/Millstone Lane (to connect Market Street to Hotel Street) are in preparation for completion by August 2008.
6. Slippage of £314,000 relates to re-programming of works for the High Street, Clock Tower, Market Place Approach and Granby Street scheme.

The City Centre Development Programme overspent by £400,000. This is mainly as a result of using a higher build specification. Work is continuing to reduce the level of overspend through implementation of the indexation of the Section 106 contribution from the Highcross developer and underspending on contingencies, however, any remaining overspend will be funded by the unallocated prudential borrowing available for public realm schemes.

f) Improvements to the Waterside & Abbey Meadows Area

On 15 November 2007 Cabinet approved additional expenditure of £1.5 million funded by capital grant from the Department of Communities & Local Government New Growth Points Initiative. At period 9 the forecast outturn was £1.5 million and there has been expenditure of £1.34 million.

The Abbey Meadows Lane and Abbey Meadows Spine Road schemes are complete. The Waterside Bath Lane public realm works are on site and progressing with an expected completion date of June 2008.

g) Cultural Quarter Projects

This project relates to street improvements in the area and includes a number of schemes with expenditure of £2.6 million forecast in 2007/08. Halford St and Charles Street resurfacing has been completed. Phase 2 which includes Halford Street pedestrianisation, Rutland St, and Vestry Street commenced in June 2007, however delays in accessing Curve square site during construction of Curve has resulted in the infrastructure works being delayed and slippage of £926,000 into 2008/09. The expected completion date is now August 2008.

7.3.4 Cultural Services

a) Cossington Street Sports Centre

Expenditure of £252,000 relates to the upgrade programme and involves the full refurbishment of the swimming pool and the hall, including installation of new lighting and decoration. There has been a revenue contribution of £14,000 to this scheme. There is slippage of £6,000 which relates to the retention payment. The centre has now re-opened.

b) Saffron lane new changing rooms

The slippage on the Saffron lane new changing rooms relates to a delay in the contractor completing defects and in agreeing their final account. The scheme is now complete with slippage of £55,000.

c) Football investment strategy

Expenditure of £422,000 in 2007/08 relates to the design and development work necessary to be able to submit a full application to the Football Foundation. There is slippage of £33,000 due to late invoicing of fees incurred on the project.

d) Brite Centre

Architects and contractors are still negotiating over the value of the final payment for this centre which was completed in December 2005, this has resulted in slippage of £216,000.

7.3.5 Environmental Services

a) Tree Planting

A Cabinet report on 12th May 2008 outlined the details of the projected expenditure for the whole Tree Planting project.

b) Adventure Playground Equipment (Braunstone Park)

Due to SITA funding bid which was unsuccessful, the scheme is to be redesigned to reflect the available funding, which has resulted in £15,000 slippage.

c) Hamilton Community facilities

This is part of the football investment strategy scheme in the Hamilton area. Subject to successful funding from the Football Foundation, this scheme will take place in 08/09.

### 7.3.6 Planning and Policy

#### a) Riverside

This year's funds were being concentrated on access and entrance improvements, including path works within the Nature Reserve; as well as biodiversity improvements. There has been expenditure of £98,000 and slippage of £73,000 due to weather delays and flooding. Some vandalism of work in progress has also delayed completion of work at Packhorse Bridge. In addition, there has been some delay in carrying out planting work as the ground and plants were not ready.

#### b) Ashton Green

Ashton Green is a 128 hectare greenfield site owned by the City Council. This expenditure is in respect of the initial scheme development. The main area of expenditure incurred was on Highway Consultants fees and management costs. Slippage will fund various studies which are required to enable an outline planning application to be submitted and also work from various consultants needed to take the project forward

## 7.4 **Adults and Housing**

### 7.4.1 Housing

Expenditure of £29.456 million was achieved, against a forecast of £30.464 million at period 9. There has been an under-spend in programme areas totalling £2.1 million, and an increase in expenditure in other areas totalling £1.7 million, there has also been slippage of £547,000.

The majority of the programme relates to works to improve housing stock in order to achieve the "Decent Homes Standard" and separate reports monitoring performance clearly indicate the impact this spending has had on improving the level of decent homes. 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 facilities grants.

The main areas of expenditure relating to the Housing programme are detailed below.

#### a) Kitchens and Bathrooms

One of the elements of the Decent Homes Standard is that all council houses should have a modern kitchen or bathroom. Actual expenditure at outturn was £7.3 million. There was underspend of £324,329 due to 10 percent savings achieved in contractors schedule of charges and the revised programme assumed inclusion of rewiring costs.

#### b) Rewiring

The rewiring programme aims to ensure that no houses have wiring that is more than 30 years old. The original programme set an ambitious target for the number of properties to be upgraded this year. The tendering process made it clear that the capacity for this level of work was not available and the budget was scaled back to a more realistic level. Since period 9 a further £206,177 has

been reallocated, as a result of procurement delays. Actual expenditure for 2007/08 was £2.09 million

c) Window and Door Replacement

The on-going programme is to provide double glazing and new doors for all properties. The provision was increased by £400,000 to £7.1 million at period 9 to ensure planned targets were achieved; actual expenditure at outturn was £6.996 million.

d) Disabled Adaptations

This is a £1.2 million per annum programme to make adaptations to meet the needs of disabled tenants. The provision had been increased at period 9 by £200,000 to meet demand. Expenditure at outturn was £1.1 million with £88,000 slippage.

e) St.Peters Balcony

This programme of works is to repair balconies at St. Peters estate. There was a delay in letting the contract resulting in slippage of £300,000. The remainder of works will be completed in 2008/09.

f) Disabled Facilities Grants

These are grants to meet the cost of adaptations to privately owned homes, actual expenditure was £1.92 million against a budget of £2 million.

g) Renovation Grants

These are means tested grants to improve privately owned properties which are in poor condition or lacking basic facilities. Total grants given for the year were £1.43 million against a forecast of £1.5 million.

h) HomeCome

HomeCome is a not-for-profit company which provides social housing to people on the Council's waiting list. It purchases properties from the Council and the open market and these are funded partly by the council from the capital programme provision. The company borrows the remainder of the cost on a commercial basis using the properties as security. The budget of £1.3 million was reduced to £1 million to meet other projects. At the year end one property purchase was in the pipeline and slippage of £45,000 is required to meet the net cost.

#### 7.4.2 Adult and Community Services

The approved programme was £1.72 million at period 9. Actual expenditure for the year was £1.62 million. There has been further slippage of £168,000 and expenditure brought forward of £124,000. Details of the main schemes in the programme are given below:

a) Crime And Disorder (£450,000)

This initiative included installing alley-gates in burglary hot spots across the city and the extension of safer routes to tackle street robbery by improving street lighting and CCTV in targeted areas. The initiative has successfully been completed.

b) Information Management

This grant was used to support the IT infrastructure, integration of care for older persons and implementation of the Joint Health & Social Care Assessment of older persons, supported by new technologies. Scanners for ESCR, scanning services for historical records and mobile working for front-line staff is all work that was delayed into 2007/08 and is now complete.

c) Electronic Scanning of Paper Records

This project involves the scanning of existing paper files to allow for electronic retrieval. This is part of the Electronic Social Care Record programme. Scanning will take approximately 15 months to complete due to the number and disbursements of records held. Collation of batches of files for scanning in readiness for their transport to the bureau commenced in March 2007; collection of files and delivery of images occurs on a weekly basis.

d) Learning Disabilities Day Services Modernisation (£130,000)

There is slippage of £39,000 relating retention monies, on this programme.

e) Elder Person's homes Improvements

This programme totals £190,000 and includes works to improve the homes, this included replacement of windows and refurbishing bedrooms and shower facilities. In addition a respite care service for Older People was provided at Nuffield Elderly Persons Home. This service will provide respite for those individuals with mental health problems. The work undertaken includes refurbishment i.e. general painting and decoration, creation of new toilets facilities, setting up office accommodation, kitchen equipment and carpets. Total expenditure for the year was £178,000 and there was slippage of £12,000 for retention payments.

f) Manor House (£50,000)

Expenditure has been put on hold until the Council's review of premises has been completed.

g) Highfields (£82,000)

Monies was planned to be spent on recording equipment however there was difficulty in finding equipment to the right specification. This expenditure has therefore slipped.

h) Adult Mental Health

The Mental Health capital grant was 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 empowerment and involvement. Some projects included refurbishment and the equipping of office space and the improvement of access to toilet facilities. There has been slippage of £48,000 at the Akwaba Ayeh centre due to planning permission delays. The architect for the centre is having discussions with planning about alternative proposals.

## 7.5 Resources

The approved programme totals £5.4 million. The level of expenditure at outturn was £5.3 million Progress on the main schemes in the programme is detailed below:

### a) Hamilton Footbridge

This scheme will provide a pedestrian/cycle bridge over the A563 Hamilton Way, linking Manor Farm and Humberstone Village with Hamilton District Centre. As construction by the Trustees has not commenced it is proposed to slip the Councils contributions into 2008/9. Once completed, the bridge will provide a foot and cycle link over Hamilton Way, connecting the Tesco Centre with the new Gateway College and other proposed residential areas.

### b) Centrally Located Administration Buildings (CLABS) & Property Maintenance

These buildings provide office space for over 2,800 staff. There has been slippage of £140,000 from the period 9 forecast to outturn, due to delays in work on the office accommodation strategy. There have also been delays in commencing work on the ground floor of B Block, due to the need for retaining this area for meetings.

Progress on other schemes within the programme is detailed below:-

#### Greyfriars

Work is planned to improve the ICT data links within 5-7 Greyfriars. It is anticipated that the work will cost no more than £20,000 and is within the budget for the refurbishment of this property. This will be undertaken in 2008/09.

#### Phoenix House

On completion of the staff moves from Phoenix House to Sovereign House the second floor of Phoenix House was emptied ready for refurbishment. Refurbishment was completed in March 2008.

#### Sovereign House

Only the ground floor remains to be refurbished. The current service users have been relocated to temporary accommodation and will return during June 08 after the refurbishment.

#### Pilot House, 10 York Road, Customer Services (works required to vacate Welford House)

These three schemes, which have been approved by Cabinet, have been put on hold until a number of alternative options are considered. Any work proposed has been suspended so that the financial resources available are used to the best advantage.

#### NWC Design

Preparatory work continues to be undertaken on the scheme to both refurbish NWC and to explore alternative locations to replace the Council's HQ. It is anticipated that a report will be considered by Cabinet in July 2008, following completion of study being undertaken by DEGW.

#### A Block – A1 & A2

Final layouts of these floors have still to be agreed, but the emphasis is on relocating staff from Mansion House and Welford House as a result of the Council not extending the lease options on these properties.

#### B Block – BG & B1

The refurbishment of B1 is now complete and the Director of CYPS is taking the opportunity to relocate those staff that is critical to the success of improving educational standards within schools.

The refurbishment of the ground floor of B Block has now commenced. No final decisions have been taken on which services should occupy that space but the emphasis is still the need to release Welford House and Mansion House.

#### Welford House

An amount of £317,000 has been agreed between the owner's representative and Property Services Valuation Team for the dilapidations of this property.

The lease ended on the 31<sup>st</sup> March 2008. An agreement has been reached that we will continue occupation on a 3 month rolling programme of notice from either party. The dilapidation payment has been paid, and no other claim will be made on the City Council.

#### Additional Schemes

The following were approved by Cabinet on 10<sup>th</sup> December 2007 at a total cost of £465,000:-

- Appointment of Specialist Advisers
- B3 Urgent Works – Data Room

#### Specialist Appointments

Specialist advisers have been engaged to lead an in-depth survey of how the Council effectively uses its office space.

DEGW has undertaken site inspections, staff questionnaires, and two weeks of observations in chosen locations.

#### ICT Urgent Works / Data Room

As a result of the decision not to relocate the Data Room currently situated on B3 to Pilot House, urgent works need to be undertaken to ensure the systems do not fail whilst other options are considered. A total sum of £500,000 has been agreed by Cabinet to undertake these urgent works.

The decision not to relocate the Data Room to Pilot House means that the relocation scheme will slip until an alternative is identified.

#### c) Property Maintenance

The programme of works comprises repairs to walls, roofs, windows and renewals to lift installation. Performance exceeded the level of programmed works for the year, the funding of £113,000 has been brought forward from 2008/09 to fund this.



Property Health Surveys – surveys progressed well for the year, with £46,000 of funding from 2008/09 being brought forward to support the increased level of activity.

Expenditure of £1.76 million has been incurred.

d) Corporate Electronic Documents Record Management System

This system will provide an electronic method of capture, storage and retrieval of information. The project aims to develop corporate standards, identify and procure the most appropriate technical solution and commence full implementation of an electronic document and record management system across the Council.

The contract was awarded to Hedra in early December, and we are implementing the Open Text R/KYV software with Hedra's consultancy services. The pilot implementation will be in Property Services and the implementation date has been revised to June 2nd 2008. This allows an additional three and a half weeks to complete back-scanning of property files and have further discussion with staff on changes to working practices. The configuration design and initial workflows were signed off on 4<sup>th</sup> April, User Acceptance Testing is currently in progress, and the ICT Services Training Team is developing training courses and documentation.

e) Disability Discrimination Act improvements

This scheme is designed to improve access for disabled people to City Council buildings under the Disability Discrimination Act 1995. Work has been commissioned throughout the year and expenditure of £154,000 has been incurred.

f) Glenfield Tunnel

The purpose of the work is to carry out essential strengthening work to the tunnel. Following a number of technical difficulties, the contract period was extended until 24 February 2008. Due to bats being found in the tunnel work had to be suspended. A survey has confirmed that bat hibernation has ceased. We are now awaiting details of the contractors programme and it is hoped that the contractor will return to site during May 2008 for a further eight week period to complete the strengthening works. Expenditure of £181,000 has been incurred.

g) Resource Management System

The RMS project is projected to deliver the implementation of phase 1 of the scheme by 31 March 2009. The expenditure of £757,000 covers the cost of the system hardware and software, consultancy costs contracted from the supplier (Agresso) and other internal development costs. The outturn is less than the previous forecast at period 9 due to delays in internal recruitment to the project and fewer consultancy days than anticipated being required from the supplier, resulting in a slippage of £159,000. These days are transferrable to 2008/09.

## 8. CAPITAL RECEIPTS

8.1 The programme is partly funded by capital receipts. There are 2 elements:

Non-housing receipts of £6.1 million were received which exceeded the target of £4.5 million by £1.6 million. This surplus has been carried forward towards the 2008/09 target of £4.8 million.

The level of Housing receipts was £17million which was slightly less than the target of £17.4 million. However, because the mix of receipts resulted in greater general fund but fewer right to buy receipts than originally anticipated, the usable receipts were £8.3 million which was greater than the target of £6.1 million.

## 9. CAPITAL MONITORING TARGETS

- 9.1 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.
- 9.2 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 88% of the original programme.

## 10. AUTHORITY TO INCREASE THE CAPITAL PROGRAMME

- 10.1 At present Cabinet discretion to vary the capital programme is limited to amounts of £5million; with a further limit that the amount of corporate resources used for any given scheme can only be increased by £2.5million. To aid simplicity, and give greater flexibility to respond to changing circumstances, Cabinet may wish to request Council for a limit of £5million without a caveat. This will be subject to the revenue impact of changes being containable within the Cabinet's virement limit

## 11. PRUDENTIAL BORROWING

- 11.1 Details of schemes to be funded by prudential borrowing and the forecast level of expenditure for the period 2007/08 – 2008/09 are shown below:

### Approved Prudential Borrowing

	2007/08 £000	2008/09 £000
<b>Corporately Funded</b>		
Property Maintenance	1,759	2,393
Curve	4,201	7,701
Centrally Located Admin Buildings	1,536	11,210
City Centre Improvements	4,456	2,384
Improvements to Waterside & Abbey Meadows	0	2,065

Digital Media Centre	450	2,500
Building Schools for the Future	1,047	2,195

**Spend to Save**

Wide Area Network	27	10
Resource Management Strategy	757	633
Hamilton Footbridge		81

**Other**

Housing – general	488	4,745
Lewisher Road	103	57
Vehicles in lieu of leasing	1,438	2,062

**Total Prudential Borrowing**

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

11.3 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):

	<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)	12,609	694,649	1.8%
2006/07 (actual)	19,572	729,833	2.7%
2007/08 (forecast)	31,036	722,111	4.4%
2008/09 (forecast)	62,778	728,535	8.6%

The cumulative unsupported borrowing as a percentage of gross revenue expenditure significantly increases in 2008/09 as significant borrowing relating to the Curve, Centrally Located Administrative Buildings and property maintenance is forecast in that year.

**Housing Revenue Account**

2005/06 (actual)	15,760	62,647	25.2%
2006/07 (actual)	20,487	64,051	32.0%
2007/08 (forecast)	23,865	65,017	36.7%
2008/09 (forecast)	23,841	68,670	34.7%

11.4 The revenue costs in 2007/08 relating to approved prudential borrowing are:

General Fund £3.4 million

Housing Revenue Account £1.988 million.

- 11.5 The total prudential borrowing now approved by the Council, including planned borrowing in 2007/08 and later years is £114 million.

## **12. PRUDENTIAL INDICATORS**

- 11.1 The latest forecast of performance in 2007/08 against approved indicators is shown in Appendix B.

11.2.1 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.

## **13. CONSULTATION**

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

## **14. FINANCIAL AND LEGAL IMPLICATIONS**

- 13.1 The report is largely concerned with financial issues.
- 13.2 Legal Implications – there are no additional legal implications (Peter Nicholls Extension 296302).

## **14. 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	-

### **Report Author/Officer to Contact**

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Accountancy ext 297432

**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)