



Leicester
City Council

**Performance & VFM Select Committee
Cabinet**

**4 September 2008
1 October 2008**

2008/09 CAPITAL PROGRAMME MONITORING – PERIOD 4

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 July (period 4), and the forecast spend to the end of the year.
- 1.2 Further reports will be produced showing the position and the forecast as at the end of October (period 7), December (period 9) and the end of the year.

2 SUMMARY

- 2.1 The actual level of expenditure at the end of period 4 totalled £31.7 million, which represents 26% of the projected spend for the year. Expenditure of £23.1 million was achieved by this time last year, which represented 19% of last years projected expenditure at that time.

3 RECOMMENDATIONS

- 3.1 Cabinet is recommended to:
- i) approve a revised level of programmed expenditure of £123.8million;
 - ii) note the level of expenditure to the end of July 2008 of £31.7 million;
 - iii) note that the forecast capital programme performance is to spend 100% of the approved programme compared with a target of 90%. This is a very early forecast, and progress on schemes can change resulting in slippage;

- iv) note the position relating to capital receipts;
- v) consider whether any of the schemes shown in paragraph 8 can be deferred, reduced, or removed due to the shortfall in forecast corporate 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 July 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 JULY 2008

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

5.2 At the end of period 4, 26% of the 2008/09 revised programme of £123.8 million had been spent.

5.3 There is no slippage currently forecast in the capital programme. This is largely due to improved cash flow forecast. However, it is likely that slippage will be identified as the year progresses.

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 £36.6 million. Additions of £1.4 million have been approved relating to the schools programme, £2.3 million to the non-schools programme, and £20,000 to BSF. Expenditure to Period 4 was £9.6 million, representing 24% of the revised programme.

6.2.2 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. The additions of £88,000 reflect allocations for Independent Learning, Short Stay Schools and Travel Plans. Spend and profiling is controlled by individual schools.

Total spend to period 4 is £954,000 (21% of the forecast), which compares favourably with the position in 2007/08 at the same period (£701,000). Expenditure of £4.6 million is forecast.

b) Classroom Replacement Programme

The forecast expenditure of £2.4 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 93% of the forecast spend of £2.4 million. Although only 4% of the expenditure has been incurred, current indications are that the programme will be achieved.

c) Secondary Review (Non BSF)

This element of the capital programme relates to the remainder of the secondary review and the addition of new projects on secondary schools which are not currently funded from BSF.

Out of the addition of £1.15 million, £750,000 is for New College New Gymnastic Centre as approved by Cabinet on 23 June 2008. This scheme is partly funded by Sport England (£500,000) with the balance from BSF (underwritten by Basic Fund). On 14 July 2008, Cabinet approved £600,000 for Cherryleas Assessment Centre, with £400,000 profiled for 2008/09. This scheme will be funded by Basic Needs Fund. New College works started on site in July 2008 and completion is expected in spring 2009. The Cherryleas scheme is planned to start on site in autumn 2008 with completion in spring 2009.

d) Sparkenhoe 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; £139,000 has been spent at period 4.

e) Foundation Stage Improvements

This scheme is to improve Foundation provision to meet Ofsted standards and new regulations; an additional approval of £114,000 reflects spend of £76,000 at Sandfield Primary and £38,000 at Mowmacre Primary.

f) 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 by early September. Expenditure of £4.9 million is forecast.

g) Surestart including Children's Centres

An additional grant approval of £258,000 has been received relating to Surestart Phase 3, an Early Years Capital Grant and Extended Schools Grant. The revised forecast figure of £2.7 million includes:

- a. the completion of Phase 1 works (£254,000)
- b. Phase 2 construction works (£2.2 million)
- c. Extended Schools (£27,000)
- d. Early Years (£100,000)
- e. Surestart Phase 3 (£131,000).

The Phase 2 programme includes seven new Children's Centres at Braunstone Frith (completed in December 2007), Imperial Avenue (completed in February 2008), Mellor Primary (completed July 2008), Mowmacre (completion due in November 2008), North Evington (completion due August 2008), Rowlatts Hill (completed May 2008) and Scraptoft Valley (completed March 2008).

h) Braunstone Vocational Skills and Training 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 September 2008. Of the planned spend for the year of £1.6 million, expenditure of £521,000 had been incurred at period 4.

i) Youth Projects

There area additional Youth Project schemes totalling £513,000; these are to be funded from the 2008/09 Youth Capital Grant (£161,000) and the Youth Capital Fund Plus (£352,000). These projects help support a broader strategic approach to improving places for young people to go in the local area. The Coleman ball court is now proposed to be located in the Rowlatts Hill Area, on a shared site with the PCT Health Centre. Currently Property Services are awaiting details of whether the site is sufficient in size to accommodate both the Health Centre and the Ball Court. If the site has capacity then the works for the ball court, then it is proposed the works commence in the autumn prior to the Health Centre being built.

j) IT Projects

This scheme will enable support of the delivery of the Government's E Strategy. It will also be used to support reporting on pupil progress on achievement, attendance, behaviour 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 (£1.9 million). It is anticipated that full spend will be achieved.

k) Children's Homes Essential Repairs and Maintenance

The addition to this scheme represents 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, ensuites to rooms, redecoration of bedrooms and public areas, and improving safety and inclusiveness of external play areas.

l) Children's Play Programme Total Allocation

Leicester 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 Activity Areas, and Natural climate Play Trail. Forecast spend of £52,000 in 2008/09 is for works at Aylestone Meadows.

m) Building Schools For Future (BSF)

Building Schools for the future (BSF) is a substantial, Government sponsored investment programme intended to transform secondary education. Current Design & Build projects (with the Council paying for the building, using Government grant) approved for commencement in 2007/08 are Beaumont Leys (£14.3 million) and Fullhurst (£12 million). These are part of the Council's approved capital programme and spending will be monitored in the usual way. Construction and ICT works are progressing according to plan and remain on target. Expenditure of £15.2 million is forecast of which 37% had been incurred at the end of period 4.

6.3 **Regeneration and Culture**

6.3.1 The approved programme totalled £46.7 million. Additions and other changes to the programme have increased the forecast outturn to £48.9 million. Expenditure of £14 million had been incurred at the end of period 4, representing 328.7% of the revised programme.

6.3.2 Details of the main schemes in the programme are shown below:

6.3.3 Regeneration

a) CURVE

Practical completion of the Bovis main contract works was on 4th August 2008. Handover of the site management to Leicester Theatre Trust happened on the 14th of August. Expenditure of 62% of the forecast outturn had been achieved by period 4.

b) Digital Media Centre (DMC)

Construction commenced in November 2007. The total project construction period is 85 weeks. Construction works are scheduled to complete in June 2009 with the Depot 2 elements scheduled for completion by the end of December 2008. The December completion date is currently on target, which is a requirement of the £2 million ERDF funding. Although only 9% of the forecast outturn has been achieved at period 4, it is not anticipated that the scheme will slip.

6.3.4 Highways and Transportation

a) Integrated Transport

The approved programme totals £7.1 million; this included overprogramming of £1.1 million. The current forecast of expenditure is £6.95 million. The main changes to the programme relate to Bus Corridors, Traffic Management schemes, Walking and Cycling, Safer Routes and Other Local Safety schemes this is mainly due to revisiting cost estimates and schemes which have now been added in the interim programme. Any overspend at the end of the year will be funded from the 2009/10 allocation.

b) Capital Maintenance Programme

The approved programme of other highways improvements totals £2.1 million; £1.8 million has been allocated for capital maintenance and an additional £300,000 has been received for Primary Route Network. Expenditure of 18% has been achieved. It is anticipated that a full spend will be achieved.

Progress on schemes has been good in a number of areas as detailed below:

- i) Works continue to progress on Bridge works at Braunstone Way, which should be completed on programme in early September 2008.
- ii) Construction work on Spencefield Lane will start in October 2008.
- iii) Work on footways on Checketts Road has been completed followed by Dudley Avenue. Footway works on Gravel and Newarke Streets will start in October.
- iv) Street lighting column replacement work has now been designed and will start soon.
- v) Work is also well underway on the traffic signal renewal works design with work on site starting in August 2008.

c) Upperton Road Viaduct

The scheme is progressing as planned with completion of the viaduct works anticipated in December 2008. An application for eligible preparatory expenditure that the City Council had incurred in developing the project was

submitted to DfT was successful and £685,000 has been received. Expenditure of £7.3 million is forecast.

d) Other Highway Schemes

Watercourses

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.

The proposed flood alleviation signing in Braunstone Lane East funded from the 2007/8 and 2008/9 budgets have been designed and external suppliers will be erecting the equipment as soon as we have DfT approval. The remainder of the 2008/9 budget will be spent on remedial land drainage works in Letchworth Road. Although only 1% of the forecast outturn has been achieved at period 4, it is not anticipated that the scheme will slip.

Local Environmental Works

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.

The remainder of phase 2 of the 2007/8 LEW programme (£200,000) carried forward into 2008/9 has been completed. The 2008/9 LEW programme is currently being developed from meetings with local ward members; this will form part of the new corporate capital programme.

e) Regeneration Schemes

Cultural Quarter Infrastructure Programme

Halford St and Charles Street resurfacing has been completed. Phase 2, which includes Halford Street pedestrianisation, Rutland St, and Vestry Street, is anticipated to complete by October 2008.

City Centre Development 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.

Works to Granby Street North, High Street/Clock Tower, and Loseby Lane have completed. Work on Market Approach/Gallowtree Gate, Millstone Lane/Horsefair Street, Belvoir Street, Hotel Street/ St.Martins is progressing well and is approaching completion.

As highlighted in the 2007/08 capital outturn report dated 23rd June 2008, the whole programme is forecast to overspend as a result of changes to the build specification, unforeseen works, accelerated work programme costs, and the additional cost of lighting and seating. The current forecast overspend is £709,000 on a total scheme cost of £16.1 million. Funding for this overspend

has been identified, details of which will be included in a separate report to Cabinet.

6.3.5 Cultural Services

a) Preparation for 2012 Olympics

As part of the New Policy Developments, Cabinet agreed on 15th October 2007 to provide £30,000 towards the preparation of 2012 Olympics to help ensure Leicester makes the most of 3 major sporting events:

- i) Special Olympics 2009
- ii) European City of Sport 2008
- iii) Olympic and Paralympics games 2012

It is proposed to use this allocation as follows:

- i) £7,450 - Contribution to shared post to lead on young people's programme.
- ii) £8,000 - Contribution to Special Olympics 2009 Volunteer Director.
- iii) £7,500 - Training of 100 new lifeguards in the city with defibrillator training.
- iv) £7,000 - Contribution to the development of Marketing and Sponsorship Strategy for the Special Olympics 2009.

Expenditure of £17,000 is forecast in 2008/09. This will pay for the above staff management and training costs of schemes.

b) Special Olympics 2009

On 23 April 2007 Cabinet approved the sum of £200,000 from the capital programme over 3 years to support the appointment of a Games Director and fundraiser and to demonstrate commitment from the City Council. The contribution would be refundable if the Games Organising Committee is successful in raising sufficient funds.

The total cost of running the Games will be about £3 million of which about £1 million will come from participants' entry fees. The remainder will be raised by a Games organising Committee, appointed by a Game Trust/Company, which would be set specifically for the event. The aim of the Games Trust would be to make the event self-financing. Expenditure of £100,000 is forecast in 2008/09 and the balance in 2009/10.

c) Belgrave Hall Stable Block

This scheme is for the redevelopment of the stable block and outbuildings to provide additional visitor facilities, resources for income generation and creative business incubator units. This scheme has been approved on the basis that it is fully funded from Leicestershire Economic Partnership funding. A Cabinet report is being prepared. Expenditure of £350,000 is forecast.

d) New Parks Library and Community Centre

In October 2007, The Big Lottery Fund awarded £1.3 million to build a Library and Community Learning Centre to replace the current library at New Parks. The award was conditional on the submission and approval of three plans.

A Business Plan, Community Engagement Plan and Capital Delivery Plan were submitted to The Big Lottery Fund on 11th April 2008. Formal approval has now been given which will enable procurement of this project.

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 approved on the basis that it will be fully funded by the Big Lottery scheme.

e) Replacement for City Gallery

On 1st September 2008, Cabinet approved the development of the old Workplace Nursery at 50 New Walk as a new contemporary gallery at cost of £1.1 million. Grant of £120,000 will be applied for from the Arts Council, the balance of the cost will be met from corporate capital programme. This will replace the present City Gallery presently located on Granby Street (the lease on this premises is due to expire in February 2009).

6.3.6 **Environmental Services**

a) City Wide Allotment Strategy

On 24 July 2006 Cabinet authorised an increase in the capital programme of £1,045,000 for the City Wide Allotment Strategy to be funded from earmarked receipts from disposals of surplus allotment land.

The City Wide Allotment Strategy has been proposed for sites to be decommissioned, consolidated, and for retention. Although only 13% of the forecast outturn has been achieved at period 4, it is not anticipated that the scheme will slip.

6.3.7 **Economic Regeneration, Planning and Policy**

a) Ashton Green

Expenditure of £212,000 is forecast. 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.

6.4 **Adults and Housing**

6.4.1 **Housing**

The approved programme totalled £27.5 million. Additions of £67,000 increased the programme to £27.6 million. The level of expenditure at the end of period 4 was £6.6 million compared to a forecast outturn of £27.6 million. This represents 24% of the revised programme. Details on block sums are shown below:

a) Decent Homes Standard

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 Department is continuing to make good progress towards meeting the Decent Homes Standard by 2010. The programme is proceeding on course, and the level of expenditure to date is on a par with last year when a full spend was achieved by the year-end. Expenditure of £4.5 million has been incurred at period 4.

b) Housing Revenue Account (HRA) Schemes

Progress on other HRA schemes is less than expected as certain projects, such as the replacement radio system, have been programmed for the second half of the year. Works on other schemes such as Disabled Adaptations, New Door Entry Schemes, Replacement Door Entry Phones and Energy Works are progressing well. Expenditure of £4.5 million is forecast.

c) General Fund

General Fund schemes are proceeding on programme, with expenditure on Disabled Facilities Grants and Renovation Grants on target to meet the year's allocations. Other General Fund grant schemes are progressing more slowly, but substantial payments are due in the next few weeks on Affordable Housing schemes.

Other schemes under this block sum include Energy Initiative Programme, Home Repair Grants, and Environmental Works in Renewal Areas.

Expenditure of £6.5 million is forecast.

6.4.2 **Adult and Community Services**

The approved programme totals £555,000. Additions and other changes to the programme have increased forecast level of expenditure to £768,000. Expenditure of £65,000 had been incurred at period 4, representing 8% 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 Combined Heat and Power. 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. On 14th July 2008, Cabinet approved expenditure up to £100,000 to be spent on project management. This scheme is subject to a further report to Cabinet setting out details before the remaining expenditure of £300,000 can be incurred.

b) Elderly Person's Homes Improvements

The expenditure forecast of £28,000 forms part of a bigger project and will partly fund the refurbishment of the first floor at Nuffield House, creating a new respite unit. Refurbishment will include painting, carpeting, and new toilet facilities.

In March 2008 cabinet approved £500,000. A further report detailing the scheme is required to be taken to cabinet before expenditure can be incurred.

c) Electronic Scanning

This project involved the scanning of existing paper files to allow for electronic retrieval and is now complete. This project has overspent and is likely to overspend further as final invoices are yet to be paid. It is envisaged that any overspend (estimated to be £120,000) will be met by revenue contribution.

d) IT Investment

This scheme involves the purchase and implementation of an Electronic Care Monitoring (ECM) system within the Domiciliary Care Service. It is envisaged that an ECM solution will be bought off the shelf and is due for implementation by April 2009. Expenditure of £73,000 is forecast.

e) Intermediate Care

Intermediate Care facilities are evidenced to 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 and the removal of asbestos.

f) Mental Health

The Mental Health grant of £208,000 will be spent on a number of projects, both on the statutory and voluntary sector. This will support social inclusion, increasing service user and carer empowerment and involvement. Major projects such as Akwaaba, Leicestershire Action for Mental Health project (LAMP), Network For Change and Leicestershire Partnership Trust (LPT) include: creating additional space for meeting room; improving access; creating multi-faith prayer spaces; and purchasing equipment.

6.5 Resources

The approved programme totals £4.5 million. Additions of £1.8 million give a revised forecast of £6.3 million. The level of expenditure to the end of period 4 was £1.4 million, representing 23% of the revised programme. Progress on the main schemes in the programme is detailed below:

a) Hamilton Footbridge

Forecast expenditure of £150,000 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 bridge is an obligation on a 3rd party to provide and they are procuring its construction. Their Project Manager has a

programme indicating its construction towards the end of this year, but the exact timescales are not guaranteed.

b) Victoria Road East Extension /Lewisher Road Link (VREE)

VREE is now substantially complete with only a few relatively minor items of expenditure outstanding. Part 1 claims (claims by people whose houses are affected by the road), are currently being negotiated. To date, 61 claims have been submitted, of which 15 claims have been paid and 46 are being evaluated. Part 1 claims can be submitted up to 2012.

c) Access to Work

This scheme forms part of the DDA 2008/09 programme of works. A further report to cabinet is to be submitted in September. Expenditure of £15,000 is forecast.

d) Bowstring Bridge (Survey & Demolition)

The bridge is continuing to be monitored and, where necessary, work is undertaken to ensure it remains safe.

A decision on the closure of the Great Central Way (which is a prerequisite to getting the bridge demolished) is due in October.

e) CLABS

Expenditure of £459,000 has been achieved this year against a budget of £1.5 million. Progress on individual schemes is detailed below. Cabinet approved an addition of £185,000 on 23rd of June for a standby generator at New Walk Centre.

i) A1 & A2 New Walk Centre

Refurbishment of A2 is now complete. The staff move took place during July. During August, A1 will be refurbished with completion due in early October.

ii) B Block (Ground Floor) New Walk Centre

Refurbishment of B (Ground Floor) is complete and is ready for staff to move into, enabling the surrender of the lease of Mansion House.

iii) Specialist Advisers – DEGW

The consultants have completed Phase 1 of the project to identify staff numbers in Centrally Located Admin Buildings and have also identified staff that are better placed to work in the community. A report is being prepared.

iv) Data Room

The main panel serving the Data Centre at New Walk Centre was replaced during the shut down weekend 12th and 13th July, and this happened without incident. The switch room has been extended to accommodate this additional electrical panel. A temporary back-up generator is on order and will replace the obsolete generator during the first 2 weeks in September 2008. The scheme is on schedule and on budget.

v) Standby Generator

Work to refurbish and improve the Data Centre on 3rd floor of B Block, NWC is almost complete. As part of the refurbishment a new standby generator needs to be purchased. Orders have been placed and delivery is expected in October.

f) Community Meetings (former Area Committee)

The 2008/09 budget includes the allocation of £10,000 to Community Meetings to be held in each of the 22 city electoral wards. Of this sum, £8,000 is to be met from revenue and the balance of £2,000 from capital. It is anticipated that these sums will be fully spent. Expenditure of £44,000 is forecast.

g) Corporate Electronic Documents Record Management System

The aim of this project was to procure a corporate EDRM system that would improve the management of documents and the conversion of paper documents into electronic format.

The pilot implementation in Property Services is progressing well. The pilot will last for 3 months and lessons learnt will be documented to support future implementations. Planning of the second implementation for the HR Service Centre is well underway.

h) Disability Discrimination Act Improvements

Works to 23 buildings slipped from 2007/08. 17 have now been completed and the remaining 6 are in progress.

Due to reduced cost or changes to approved works in 2007/08 there is savings totalling £47,000 which has contributed to 2008/09 programme. On 1 September 2008 Cabinet approved additional works that can be completed within this financial year.

The 2008/09 programme has been approved with an allocation of £80,000 over two years. This includes an allocation of £5,000 per year for Access To Work scheme.

i) Glenfield Tunnel

Works needed to repair and refurbish the ventilation shafts are programmed to be carried out during September.

The Contractor is expected to complete outstanding contract works by 29 September 2008

j) IT Investment – Debit & Credit Cards

This scheme is to enable the Council to conform to the requirements of the Payment Card Industry (PCI) by providing an Intruder Prevention System (IPS). The system is being specified and the have been obtained. The orders have now been placed. Implementation is urgent and will be undertaken between August and September. Full spend of £47,000 is expected.

k) Mundella Demolition

Mundella School site has suffered extensively from intruders and vandalism and the premises are now in a hazardous condition.

The contract involves demolition of all remaining school buildings on the site, including the removal and safe disposal of asbestos materials contained within the structures.

Work commenced on site on the 21st of July and will be complete by early November.

l) 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 been evaluated and expenditure identified. Expenditure of £213,000 is forecast.

m) Property Rationalisation – Southfields Joint Service Centre

The Council is applying for £9.3 million PFI credits for the provision of a Joint Service Centre at Southfields Drive, providing facilities for a range of Council and health services under a Local Finance Improvement Trust (LIFT). It is proposed that services include a library, community centre, office accommodation, neighbourhood management and Supporting Tenants and Residents (STAR) base to be co-located with a PCT health facility. The forecast expenditure of £67,000 includes consultancy costs for the preparation of the Outline Business Case.

n) Resource Management System

The RMS project is proceeding towards the implementation of phase 1 from April 1, 2009. A residual sum will be carried forward into 2009/10 to complete phase 1, and to progress with phase 2.

o) Revenue and Benefits System

This scheme is to ensure that ICT supporting the existing revenue and benefits system is secure.

There are 4 elements to improving the business reliability of the Revenue and Benefit system.

1. Upgrading the database hardware for the live and Business Continuity Plan (BCP) systems;
2. Replace the ageing document storage for the live and BCP systems, as part of the corporate storage project;
3. Purchase automation software to automate the system functions;
4. Upgrade the applications servers.

Items 1 and 2 have commenced. Item 3 will be completed by October 2008, and item 4 will be completed by March 2009.

p) Storage Area Network (SAN)

This scheme involves the purchase of specialist storage servers which have in-built resilience, to meet increasing demand for data storage on our IT systems. Full spend of £263,000 is envisaged.

q) Video Conferencing

The TellyTalk pilot scheme was re-launched with longer opening and further publicity early in June. A report is being prepared about the first 6 months of use at Beaumont Leys library, and discussions have commenced with Housing Management about extending the use of TellyTalk to some Area Housing Offices. The programme of publicity will continue over the summer period.

7 CAPITAL RECEIPTS

- 7.1 The economic downturn is having a serious effect on our ability to raise capital receipts, which will result in significantly reduced capital resources. A separate report will be submitted to Corporate Directors Board and Cabinet in the autumn with proposals to address the issue for 2008/09 and 2009/10 programme.
- 7.2 During 2007/08 non-housing receipts were greater than the target by £1.6 million, which has been carried forward towards the 2008/09 non-housing target of £4.8 million. However, despite this carry forward, it is considered unlikely that the target can be met during the current financial year, due to the fall in demand for land.
- 7.3 Non-housing capital receipts at period 4 amounted to £660,000, compared with the original 2008/09 target of £4.8 million. However, due to the economic downturn severely affecting the potential disposals of land, it is now expected that receipts of £2.1 million will be received in 2008/09 towards financing of the corporate programme.
- 7.4 The HRA 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 4 are -

| | |
|---|------------------------------------|
| Receipts brought forward | £1.2 million |
| Right to Buy | £1.9 million (£0.5 million usable) |
| Other sales | £0.4 million (all usable) |
| Sale of Empty Homes which are recycled into buying more empty homes | £0.5 million |

Therefore, receipts of £2.2 million have been generated towards the target of £5.5 million.

8 UNCOMMITTED SCHEMES

- 8.1 A review of existing schemes and resources throughout the Council's capital programmes is being undertaken to meet the expected shortfall in capital receipts.
- 8.2 In order to assist with this review, the following schemes have been identified as those against which no expenditure or commitments exist at the end of period 4.

8.2.1 Regeneration & Culture

| Schemes | 2008/09 £000's | 2009/10 £000's | 2010/11 £000's | 2011/12 £000's | Total £000's |
|--------------------------------|-------------------|-------------------|-------------------|-------------------|-----------------|
| Bridge Refurbishment | 150 | 150 | 150 | 150 | 600 |
| Castle Options Appraisal | 50 | | | | 50 |
| DeMontfort Hall Box Office | 135 | | | | 135 |
| Festival Services | 100 | | | | 100 |
| Gilroes Cemetary | | 100 | 320 | | 420 |
| Local Environmental Works | 400 | 400 | 400 | 400 | 1,600 |
| Meynells Gorse | 20 | 20 | 20 | 20 | 80 |
| Pedestrian Crossings | 100 | 100 | 100 | 100 | 400 |
| Tree Planting | 100 | 300 | | | 400 |
| Watercourses | 50 | 50 | 50 | 50 | 200 |
| Braunstone Street sport | 130 | | | | 130 |
| Hamilton Community Facilities | | 470 | 200 | | 670 |
| New Walk Refurbishment | 50 | | | | 50 |
| New Walk - Picasso | 50 | | | | 50 |
| Saffron Hill Security Measures | 50 | | | | 50 |
| Special Olympics 2009 | 200 | | | | 200 |
| Conservations Initiatives | 17 | | | | 17 |
| St.Nicolas Bus Stop Project | 212 | | | | 212 |
| Watercourse | 91 | | | | 91 |
| Total | 1,905 | 1,590 | 1,240 | 720 | 5,455 |

8.2.2 Children & Young People's Services

| Schemes | 2008/09 £000's | 2009/10 £000's | 2010/11 £000's | 2011/12 £000's | Total £000's |
|------------------------------|-------------------|-------------------|-------------------|-------------------|-----------------|
| Children's Residential Homes | 276 | 100 | 100 | 100 | 576 |
| Coleman Ball Court | 150 | | | | 150 |
| Total | 426 | 100 | 100 | 100 | 726 |

8.2.3 Adults & Housing

| Schemes | 2008/09 | 2009/10 | 2010/11 | 2011/12 | Total |
|---------|---------|---------|---------|---------|-------|
|---------|---------|---------|---------|---------|-------|

| | £000's | £000's | £000's | £000's | £000's |
|--------------------------------------|------------|------------|----------|----------|--------------|
| Elderly People's Home | 250 | 250 | | | 500 |
| Hastings Road | 40 | | | | 40 |
| Highfield's Equipment | 82 | | | | 82 |
| Procurement of Combined Heat & Power | 250 | 150 | | | 400 |
| Total | 622 | 400 | 0 | 0 | 1,022 |

8.2.4 Resources

| Schemes | 2008/09 | 2009/10 | 2010/11 | 2011/12 | Total |
|-------------------------------|--------------|------------|------------|------------|--------------|
| | £000's | £000's | £000's | £000's | £000's |
| Benskins Croft | 20 | 17 | | | 37 |
| Community Meetings | 44 | 128 | 128 | | 300 |
| Disability Discrimination Act | 40 | 40 | 125 | 125 | 330 |
| Storage Area Network (SAN) | 263 | | | | 263 |
| Town Hall Restoration Work | 500 | | | | 500 |
| Water Hygiene | 345 | 345 | 345 | | 1,035 |
| Total | 1,212 | 530 | 598 | 125 | 2,465 |

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 3rd party involvement.
- 9.2 For programmes excluding those schemes with significant 3rd party involvement and additions or expenditure brought forward the latest forecast of expenditure is 100% of the original programme.

10 PRUDENTIAL BORROWING

- 10.1 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:

| Approved Prudential Borrowing | 2008/09 £000 | 2009/10 £000 |
|-------------------------------|-----------------|-----------------|
| Corporately Funded | | |
| Property Maintenance | 213 | 2,281 |

| | | |
|---|---------------|---------------|
| Curve | 8,731 | 259 |
| Centrally Located Admin Buildings | 1,500 | 6,736 |
| City Centre Improvements/Improvements to Waterside, and Cultural Quarter Improvements | 3,124 | 1,745 |
| Digital Media Centre | 0 | 2,351 |
| Building Schools for the Future | 2,200 | |
| | | |
| Spend to Save | | |
| Resource Management Strategy | 1,100 | 290 |
| Hamilton Footbridge | 0 | 81 |
| Other | | |
| Housing – general | 1,600 | 1,000 |
| Lewisher Road | 0 | 160 |
| Vehicles in lieu of leasing | 2,000 | 2,000 |
| 62-64 New Walk | 354 | |
| Total Prudential Borrowing | 20,822 | 16,903 |

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

10.3 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):

| General Fund | Cumulative Unsupported Borrowing £000 | Gross Revenue Expenditure £000 | Cumulative Unsupported Borrowing as % of GRE |
|---------------------|--|---------------------------------------|---|
| 2006/07 (actual) | 19,572 | 746,743 | 2.6% |
| 2007/08 (actual) | 29,913 | 772,491 | 3.9% |
| 2008/09 (forecast) | 45,486 | 779,789 | 5.8% |
| 2009/10 (forecast) | 58,148 | 785,289 | 7.4% |

| Housing Revenue Account | Cumulative Unsupported Borrowing £000 | Gross Revenue Expenditure £000 | Cumulative Unsupported Borrowing as % of GRE |
|--------------------------------|--|---------------------------------------|---|
| 2006/07 (actual) | 20,487 | 64,051 | 32.0% |
| 2007/08 (actual) | 20,121 | 65,017 | 30.9% |
| 2008/09 (forecast) | 20,847 | 68,670 | 30.4% |
| 2009/10 (forecast) | 21,908 | 72,139 | 30.4% |

10.4 The revenue costs in 2008/09 relating to approved prudential borrowing are:

General Fund £5 million

Housing Revenue Account £1.923 million.

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

11 PRUDENTIAL INDICATORS

- 11.1 The latest forecast of performance in 2008/09 against approved indicators is shown in Appendix B.
- 11.2 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.

12 CONSULTATION

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

13 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

| 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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| | |
|--------------------------------------|---------------------|
| Key Decision | No |
| Reason | N/A |
| Appeared in Forward Plan | N/A |
| Executive or Council Decision | Executive (Cabinet) |