



Leicester  
City Council

**OVERVIEW & SCRUTINY MANAGEMENT BOARD  
CABINET  
COUNCIL**

**6 November 2008  
17 November 2008  
27 November 2008**

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**REVIEW OF CORPORATE CAPITAL PROGRAMME 2008/09 to 2011/12**

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**Report of the Chief Finance Officer**

**1. Purpose of Report**

To present a revised “corporate” capital programme for 2008/09 to 2011/12 in light of the present downturn in property sales.

**2. Recommendations**

2.1 Overview and Scrutiny Committee is asked to give its comments on the revised corporate capital programme to help inform Cabinet’s recommendation to the Council

2.2 Cabinet is asked to recommend to Council:

(a) that the schemes identified in paragraph 4.5 be added to the Block B schemes of the existing corporate capital programme;

(b) that the savings identified in paragraph 4.6 be reduced from the existing corporate capital programme;

(c) the consequential capital programme at Annex A, split between schemes in block A which can proceed without further approval and schemes in block B which require a report to Cabinet (noting that some such reports have already been taken);

(d) that the sum of £2.245 million, set aside as a contingency for the Digital Media Centre (DMC), be retained as a contingency to support the corporate capital programme, should this not be required for DMC.

**3. Summary**

3.1 Council approved an interim 4 – year capital programme (2008/09 to 2011/12) in March 2008, together with a plan to develop a further programme which reflects the Council’s One Leicester Strategy. The programme approved in March had un-committed resources of £11.9 million to 2011/12.

- 3.2 The corporate capital programme is predicated on capital receipts. The current economic downturn has decimated the expected capital receipts available for the next two years, which has required a review of the approach.
- 3.3 A review of all sources of funding to ensure appropriate alignment to the Council's One Leicester priorities has been completed and a strategy has been developed to find alternative proposals to allow existing, and some potential, schemes to go ahead, subject to approval.
- 3.4 It is proposed that a 2 year programme only be approved. Future years will be reviewed as economic circumstances dictate, in particular the ability to generate receipts from asset sales. It is proposed to take stock in September 2009.
- 3.5 In practice, there are now no uncommitted capital resources in the corporate capital programme.

#### **4. Capital Programme**

- 4.1 The capital programme approved in March 2008, was split between: part A schemes which were approved and can proceed, and part B schemes which can proceed subject to further approval by Cabinet with regard to the detailed implementation of the scheme.
- 4.2 Since then, a number of schemes in part B have been approved by Cabinet and are now included as part A schemes. Cabinet and Council have also approved two additional schemes: Intermediate Care Homes - £3.5million and City Gallery - £1 million.
- 4.3 The change of approach has required us to consider any new essential spending proposals for the two years 2008/09 to 2010/11 which it had previously been intended would be evaluated as part of the four year programme.
- 4.4 This work is now complete and the corporate capital programme, updated to reflect these changes and new proposals is attached at Annex A.

- 4.5 New schemes - the following new schemes have been identified and, if approved, would feature on the part B schemes list, i.e. schemes requiring further approval from Cabinet on the detail before spending can commence.

**Table 1 – New Schemes**

	£000
City Centre Youth and Children’s Hub - this is the City Council’s proposed maximum contribution towards a scheme valued at over £4m. Grant funding for remainder being sought.	1,500
Central Maintenance Fund expenditure – these are individual schemes relating to improvements, renovation or Health and Safety work for Council properties. This is a continuation of 2008/09 programme into 2009/10, and ensures provision for safe roof working, asbestos remedial works, works to boundary fencing and fire risk works.	700
Belgrave Neighbourhood Centre – this is to refurbish all toilet provision at the centre.	57
St Andrews Contact and Assessment Centre – this is work to improve security and includes replacing doors and windows, security lighting, internal lighting, CCTV and security bars.	82
Community Centres – this relates to the general property Maintenance and improvement.	200
Total:	----- 2,539 =====

- 4.6 Savings - A number of schemes have been identified which have been reduced in total cost, can be funded from another capital programme, or is no longer required:

**Table 2 - Savings**

	£000
Disability Discrimination Act works – Reducing the existing scheme from £125k to £40k for 2008/09 and 2009/10. A programme of works for the lower figure has already been approved by Cabinet.	170
Town Hall Improvements - Reducing the cost of the existing scheme from £500k to £405k. A programme of works for the lower figure has already been approved by Cabinet.	95
St Nicholas Place Bus Stop Project - It is proposed to charge this scheme to LTP, which can be accommodated.	212
Pedestrian Crossings - It is proposed to charge this scheme to LTP.	200
Manor House Improvements – This is no longer viewed as a priority scheme and it is proposed to postpone this work.	50
Hastings Road – This is no longer seen as a priority. A bid may be placed in future years.	40
Central Maintenance Fund – Change the balance of the programme so that works are carried out at schools for which the schools block has funding.	600
Sub Total:	----- 1,367 =====

- 4.7 The overall cost and funding for the programme is now as follows: -

**Table 3 – Programme Costs**

	2008/09 £ million	2009/10 onwards £ million	TOTAL £ million
Programme at Annexe A	8.6	8.9	17.5
Slippage from previous programme	3.6	0.0	3.6
Total	<u>12.2</u>	<u>8.9</u>	<u>21.1</u>

**Table 4 – Funding Sources**

		<b>2008/09 £ million</b>	<b>2009/10 £ million</b>	<b>TOTAL £ million</b>
	Capital Fund	3.5	0.0	2.0
	Single Capital Pot	2.6	0.2	2.8
	Local PSA	1.1	1.1	2.2
	Capital Receipts	6.3	3.0	9.3
	Slippage to 2010/11	0.0	2.0	2.0
	Earmarked Receipts	<u>0.3</u>	<u>1.0</u>	<u>1.3</u>
	<b>Total</b>	<b><u>13.8</u></b>	<b><u>7.3</u></b>	<b><u>21.1</u></b>

4.8 Despite the economic downturn, Capital Receipts remain the main “corporate” resource available to fund the programme. However, some alternative sources of funding have been found to supplement the loss of potential receipts since the report Council approved in March 2008.

4.9 These alternative sources include: single capital pot monies allocated to us for capital works in new housing developments but which will not be required until such time as housing developments take place. Once the property market recovers, and plans are required, the capital receipts will make good this allocation; slippage to 2010/11 – in effect this will need to be met from later years and will be the first call on the further programme; and, additional capital fund monies brought forward from previous years’ hypothecated underspends no longer required.

4.10 In October 2007, Cabinet agreed to proceed with the Digital Media Centre at a total cost of £21.448 million. The funding strategy for this scheme includes setting aside £2.245million as a contingency. Should this not be required, it is recommended that the resource be retained as a contingency to support the corporate capital programme.

## **5. Conclusions**

5.1 The economic downturn has necessitated a review of the corporate capital programme, given that it is predicated on capital receipts for which earlier assumptions are no longer realistic or prudent. The proposals will, if approved, allow the current capital programme together with some additional urgent / essential schemes to proceed.

## **6. Financial Implications**

6.1 This report is exclusively concerned with financial issues.

## 7. Legal Implications

- 7.1 There are no specific legal implications arising from this report. Peter Nicholls, Legal Services has been consulted as Legal Advisor and has confirmed that there are no legal issues arising from the report

## 8. Other Implications

Other Implications	Yes/No	Paragraph References
Equal Opportunities	No	
Policy	Yes	The programme has been formulated with reference to the approved financial strategy.
Sustainable & Environment	No	
Crime & Disorder	No	
Human Rights Act	No	
Elderly people on low income	No	

## 9. Report author

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<b>Key Decision</b>	Yes
<b>Reason</b>	Falls outside the Policy and Budget Framework
<b>Appeared in Forward Plan</b>	Yes
<b>Executive or Council Decision</b>	Executive (Cabinet)