



Leicester  
City Council

**Cabinet  
Performance & VFM Select Committee**

**5 January 2009  
15 January 2009**

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## **2008/09 CAPITAL PROGRAMME MONITORING – PERIOD 7**

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

#### **2 SUMMARY**

- 2.1 The actual level of expenditure at the end of period 7 totalled £61.2 million, which represents 50% of the projected spend for the year. Expenditure of £49.8 million was achieved by this time last year, which represented 40% of last years projected expenditure at that time. As this is a new capital programme, this represents good progress with spending.

#### **3 RECOMMENDATIONS**

- 3.1 Cabinet is recommended to:
- i) approve a revised level of programmed expenditure of £122.5 million;
  - ii) note the level of expenditure to the end of October 2008 of £61.2 million;
  - iii) note that the forecast capital programme performance is to spend 94% 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) approve an additional sum of £220,000 for Accommodation Strategy to be released from the original approval of £29.676 million;
  - v) note the position relating to 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 October 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 OCTOBER 2008**

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

5.2 At the end of period 7, 50% of the 2008/09 revised programme of £122.5 million had been spent.

5.3 Slippage in payments of £6 million is forecast. The main areas of slippage are detailed below:

Digital Media Centre (but there is no delay in the progress of the scheme)  
New Parks Library and Community Centre  
Infrastructure schemes funded by Growth Fund monies.

In addition, the slippage of £6 million reflects the first planned phasing of work to replace the City Gallery.

## **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 £40.3 million. Approved additions include £1.3 million relating to the schools programme and £770,000 to the non-schools programme. As a result the revised expenditure forecast is £42.2 million. Expenditure to Period 7 was £19.7 million, representing 47% 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.

Total spend to period 7 is £2.5 million (45% of the forecast), which compares favourably with the position in 2007/08 at the same period (expenditure of £1.9 million had been incurred). Expenditure of £4.6 million is forecast.

b) Classroom Replacement Programme

The forecast expenditure of £2.5 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 91% of the forecast spend of £2.5 million. Although only 17% of the expenditure has been incurred, current indications are that the programme will be achieved.

c) Secondary Schools (Non BSF)

Of the forecast spend of £1.4 million; £750,000 is for New College New Gymnastic Centre and £400,000 for Cherryleas Assessment Centre as approved by Cabinet for inclusion in the 2008/09 programme. New College works started on site in July 2008 and completion is expected in Spring 2009. The Cherryleas scheme is expected to start on site in Autumn 2008 with completion in Spring 2009. Spend to period 7 is £611,000, or 42% of the programme.

d) Sparkenhoe Primary School 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; £423,000 has been spent at period 7.

e) Foundation Stage Improvements

This scheme is to improve Foundation provision to meet Ofsted standards and new regulations; an additional approval of £119,000 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 end of December 2008. Expenditure of £4.9 million is forecast with expenditure of £1.1 million having been achieved at period 7.

g) Surestart including Children's Centres

The current forecast of expenditure is £2.6 million which includes:

- a. The completion of Phase 1 works (£254,000)
- b. Retentions relating to Phase 2 construction works (£2.2 million)
- c. Extended Schools (£27,000)
- d. Early Years (£10,000)
- e. Surestart Phase 3 (£58,000)

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 December 2008), North Evington (completion due August 2008), Rowlatts Hill (completed May 2008) and Scraftoft Valley (completed March 2008).

h) Braunstone Skills 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 December 2008. Of the planned spend for the year of £1.6 million, expenditure of £975,000 had been incurred at period 7.

i) 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). Spend of £1.2 million has been achieved representing 51% of the forecast. It is anticipated that full spend will be achieved.

j) Children's Homes Essential Repairs and Maintenance

This scheme relates to 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, en-suites to rooms, redecoration of bedrooms and public areas, and improving safety and inclusiveness of external play areas.

Although no spend has been achieved, it is forecast that expenditure of £100,000 will be incurred by the end of the year.

k) Environmental Projects

This scheme involves carrying out surveys in schools to assess current energy consumption and identify areas of improvement. The addition of £461,000 includes funding from capital grants and school contributions. The schools that have been completed are Imperial Avenue, Mayflower and Braunstone Frith. There are further 15 schools where works have been carried out.

l) Youth Projects

This relates to:

- a. high quality youth facilities, and
- b. Coleman Ball Court (at a cost of £150,000).

There have been delays in delivering the Ball Court scheme to ensure its sitting and layout will allow the possible development of a new health centre (by NHS Leicester) on the adjacent site. A new project team has been formed to ensure delivery. Discussions are being held and it is hoped that the Ball Court will be built as soon as possible, earlier than the Health Centre, subject to planning consent and tendering the scheme. The scheme has therefore slipped and expenditure of £20,000 is forecast for 2008/09.

m) Building Schools For Future (BSF)

Building Schools for the future (BSF) is a substantial, Government sponsored investment programme intended to transform secondary education. Two schools are being constructed without use of PFI: Beaumont Leys (£14.3 million) and Fullhurst (£12 million). Construction and ICT works are progressing according to plan and remain on target. Expenditure of £15.2 million is forecast of which 67% had been incurred at the end of period 7.

Two schools, Judgemeanow and Soar Valley are being developed using PFI credits.

## 6.3 **Regeneration and Culture**

6.3.1 The approved programme totalled £48.9 million. Additions of £1 million and slippage of £5.7 million have reduced the forecast outturn to £44.6 million. Expenditure of £24 million had been incurred at the end of period 7, representing 55% of the revised programme.

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

### 6.3.3 **Regeneration**

a) CURVE

Curve is at the heart of the city's Cultural Quarter. With a wide and varied programme, offering the very best in live performance, Leicester's iconic glass

building is set to become a truly world-class venue. The first performance was on the 10th November.

Expenditure of 81% of the 2008/09 forecast outturn had been achieved by period 7. The remaining costs, excluding contractual retentions are anticipated to be paid by March 2009.

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. Slippage of £1.4 million relates to the re-phasing of the expenditure across 2008/09 and 2009/10 financial years not to delay in construction. The scheme is scheduled to complete in June 2009.

#### 6.3.4 Highways and Transportation

a) Integrated Transport

The approved programme totals £6.95 million. Additions of £312,000 (Pedestrian Crossings £100,000 and St.Nicholas Place Bus Stop £212,000), and other changes to the programme gives a revised forecast expenditure of £7.2 million including over-programming of £1.1 million.

Changes have been made to the programme relate to Bus Corridors, Park and Ride Services, Walking and Cycling, Community Safety Lighting, Safer Routes and Other Local Safety schemes. This is mainly due to revised Integrated Transport Programme where schemes have been re-phased, withdrawn or added to 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. An additional grant of £300,000 received for the Primary Route Network, a reimbursement by the Dft for Upperton Road Viaduct and other changes gives a revised forecast at period 7 of £2.8 million. This includes over programming of £144,000. Expenditure of 26% has been achieved; it is not anticipated that schemes will slip.

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

- i) Bridge works at Braunstone Way are now complete.
- ii) Works to Gwendolen Road bridge has been brought forward and should start early in 2009.
- iii) Footway works in Humberstone Gate East and Humberstone Road have started with work to Gravel Street starting in January 2009.
- iv) Street lighting column replacement work has now been designed and will start soon.

c) Upperton Road Viaduct

The scheme is progressing as planned with completion of the viaduct works anticipated in December 2008. Completed works include demolition of the

viaduct and removal of temporary roads and bridges. Landscaping work is scheduled to complete prior to the opening planned for 17th December 2008. Expenditure of £7.3 million is forecast of which 38% has already been achieved.

#### d) Other Highway Schemes

##### Watercourses

On 17 November, Cabinet approved a sum of £50,000 of the corporate allocation (part of 2 year Capital Programme). This scheme involves carrying 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 will be erected in February 2009 as we now have DfT approval. The remainder of the 2008/9 budget will be spent on remedial land drainage works within the city.

##### Local Environmental Works

On 17 November, Cabinet approved a sum of £400,000. 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 is due for completion in December 2008. A full spend of £600,000 is projected.

##### Bridge Refurbishment

On 17 November, Cabinet approved a sum of £150,000. Work on the refurbishment of Braunstone Lane East is complete with some minor remedial works remaining. The next City Council owned bridge repair scheme will be Aylestone Old Mill Bridge. It is proposed to design this scheme in 2008/9 and construct late in 2009/10. The current estimate of expenditure is £162,000.

#### e) Regeneration Schemes

##### Cultural Quarter Infrastructure Programme

The works to Orton Square and the specialist commissions are complete. The majority of works on Vestry Street are also complete.

Final project costs have yet to be agreed but it is anticipated that the cost will be within the budget.

##### Growth Fund Schemes

The approved programme totalled £3.3 million. Following the allocation of additional grant of £250,000 for the Abbey Meadows area and slippage of £2.04 million, the revised forecast is now £1.5 million.

Phase 1 of the Abbey Meadows Lane scheme is now complete. The next phase, using £174,000 of the £250,000 Growth Fund grant, started on site 27 October, for completion in December.

The Bath Lane scheme of £850,000 was extended to Welles Street and Holy Bones and these works were completed in August.

Details of slippage in the programme are given below, the forecast slippage is shown in brackets:

a. St Nicholas Place North scheme (£650,000) – slippage is due to the phasing of these works in conjunction with the St. Nicholas Place Park & Ride terminus works.

b. Granby Street gateway scheme (£440,000) – slippage is due to rephasing of construction works.

c. St Georges North Wharf Street South scheme (£350,000) – it is proposed to commence the construction of this scheme in January; slippage is due to the phasing of these works pending the outcome of discussions concerning the quality of finish.

d. Waterside Road Bridge scheme (£600,000) - a Community Infrastructure Fund (CIF) bid to fund a significant proportion of the proposed bridge construction costs was unsuccessful. Alternative sources of funding are being sought for a reduced bridge scheme, including a Regional Funding Allocation bid. This has delayed the scheme.

### 6.3.5 Cultural Services

a) Saffron Lane Velodrome

£173,000 has been added to the capital programme for demolition works to be funded by prudential borrowing. The borrowing will be repaid when receipts are realised. The interim borrowing costs of £13,000 p.a. are to be funded from Regeneration and Culture budgets.

b) De Montfort Hall

On 1st September 2008, Cabinet approved £135,000 for a new telephone and box office system.

DMH staff are working with IT Services to develop a system specification before going to tender. Details are being investigated regarding the implications of the new system in relation to payment systems. The installation is now likely to take place in 2009/10. Slippage of £120,000 is forecast.

c) New Parks Library and Community Centre

The total capital spend of £1.3 million for the New Parks Project is to be funded by grant provided by the Big Lottery Fund. The original cash flow forecast has been revised resulting in a slippage of £1.1 million and more detailed cost estimates are awaited. This is mainly due to a delay in decisions regarding all Community Library projects by the Big Lottery. The new cash flow is based on the completion of the detailed design work in 2008/09, and building work taking place in 2009/10.



d) 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. This will replace the present City Gallery presently located on Granby Street (the lease on this premises is due to expire in February 2009). Outline plans for development of a new gallery have been worked up and costed. More detailed work is needed to finalise plans and confirm the tender specification, as a result slippage of £1 million is forecast with a revised 2008/09 forecast of £100,000.

### 6.3.6 **Environmental Services**

a) City Wide Allotment Strategy

Work is progressing in line with the agreed work programme. To date £133,000 of the allocated £327,000 for 2008/09 has been spent. Work for 2008/09 is concentrated in two areas; the provision of compostable toilets and infrastructure improvements.

Major infrastructure improvements have taken place at Groby Road (roadways, gates, water points); Beaumont Leys Lane (fencing); Red Hill (paths, fencing, water points) and Netherhall Road (clearance work, fencing). There are on-going improvements at further allotment sites this year, as per the agreed programme.

Although only 41% of the forecast outturn has been achieved at period 7, 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 in 2008/09. 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.

The lifetime expenditure for this project is estimated at £925,700, with £625,700 being funded by Growth Point grant. A report is due to be taken to Cabinet which will outline progress with the delivery of Ashton Green, to seek approval to the project plan, the appointment of master planning consultants and the financial implications of the project. Of the forecast expenditure of £212,000, 53% had been spent.

## 6.4 Adults and Housing

### 6.4.1 Housing

The approved programme at period 4 totalled £27.6 million. The slow down in the housing market has since had a dramatic impact on the Council's capital receipts from Right-to-Buy sales. As a result, the estimate of available resources has been reduced by £1.3 million and all of this relates to funds which would have been used to finance the General Fund part of the programme.

The level of expenditure at the end of period 7 was £12 million which represents expenditure of 46% compared to a forecast outturn. Details on block sums are shown below:

#### a) Decent Homes Standard & Housing Revenue Account (HRA)

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 adaptations to Council properties. The Department is continuing to make good progress towards meeting the Decent Homes Standard by 2010. The programme is proceeding on course, with the level of expenditure to date at £7.8 million.

Additional pressures have been identified, including cost of completing the Window and Door replacement (£1.03m) and the payment for demolition at Godstow Walk (£200,000). These have been accommodated mainly by reducing Kitchens & Bathrooms programme by £1 million, the programme for porches by £375,000 and re-phasing of the Radio System by £280,000. Of the programmed spend of £21.3 million; £8.9 million has been spent. Over programming of £0.9 million has now been eliminated.

#### b) Housing General Fund

Due to the problems of reduced Housing Capital receipts, all new approvals of Home Improvement Grants, Decent Homes Grants, Home Maintenance Grants and Disabled Facilities Grants have been suspended. Grants where approval have been made will be paid.

### 6.4.2 Adult and Community Services

The approved programme totals £768,000. Additions of £116,000 and other changes to the programme have increased forecast level of expenditure to £806,000. Expenditure of £200,000 had been incurred at period 7, representing 25% 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 a Combined Heat and Power scheme. 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. It is anticipated that the first stage will complete by March 2009.

b) Electronic Scanning

This project involved the scanning of existing paper files to allow for electronic retrieval and is now complete. Expenditure of £33,000 has been incurred.

c) 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. Although only 1% of the forecast expenditure has been spent, it is not anticipated that the scheme will slip.

d) 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. Although only 4% of the forecast has been spent, it is not anticipated that the scheme will slip.

e) 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. This includes the following projects:

Akwaaba Ayeh (extension to building to create space for meetings)

Leicestershire Action for Mental Health project (improving access and creating multi-faith prayer spaces)

Network for Change (purchasing equipment)

Leicestershire Partnership Trust (purchasing equipment).

Although only 0.5% of the forecast outturn has been achieved at period 7, it is not anticipated that the scheme will slip.

f) Safer and Stronger Communities (SSCF)

This grant is provided to support the delivery of projects that will contribute to the achievement of the outcomes, targets and indicators in our Local Area Agreement. Expenditure of £132,000 is forecast.

## 6.5 Resources

The approved programme totals £6.3 million. Additions of £2.4 million and slippage of £146,000, give a revised forecast of £8.6 million. The level of expenditure to the end of period 7 was £4.9 million, representing 58% 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. Work has started on the footbridge and first City Council contributions have been made to Hamilton Trustees. It is envisaged that the bridge will complete by the end of December.

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

VREE scheme is predominantly completed with just a few issues outstanding, including payment of Part One Compensation claims to claimants who have been affected by the scheme. Part 1 claims have been reviewed and it is anticipated that expenditure of £70,000 is likely to be incurred, resulting in slippage of £50,000.

c) Accommodation Strategy

Expenditure of £2.9 million has been achieved so far this year against a budget of £3.2 million. Cabinet approved an addition of £6.4m on 1st of September for the purchase and refurbishment of Bishop Street of which £1.466m will be spent in 2008/09.

As a result of the changes currently taking place within the Authority relating to the implementation of the One Leicester initiative, it is proposed to make the accommodation on B7 open plan. This will result in the co-location of those staff who are delivering the change agenda. It will also allow the Chief Exec and other senior managers to work in an open plan environment.

A sum of £220,000 is required to undertake the works to B7, which can be found from within the budget for the Accommodation Strategy.

d) Bowstring Bridge

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

At the magistrates hearing which took place on 7th to 9th October, 2008 permission was given to close the right of way over the bridge

The revised forecast of £5,000 will pay for general repairs and maintenance.

e) 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.

f) Corporate Electronic Documents Record Management System

The pilot implementation in Property Services began in June 2008 and went well. To date, some 50 cabinets full of paper have been transferred into the system and removed from the office. The Property Services project is now complete and the system fully operational. Work is progressing on a number of smaller installations to meet specific business requirements and to test new functionality.

g) Glenfield Tunnel

Concreting works are almost complete. The replacement grilles to the top of the ventilation shafts have now been installed and the brickwork repairs to the shafts have also been completed. Expenditure of £464,000 is forecast.

h) Mundella Demolition

Works commenced on site in mid July to remove materials containing asbestos from the buildings. All remaining buildings on the site have now been demolished to ground level.

The contractor is now removing floor slabs, footings and hard standing and full expenditure of £510,000 is forecast.

i) 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 now commenced. Expenditure of £213,000 is forecast.

j) 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.

k) Property Schemes

The City Councils buildings have been built and/or adapted at various times over the years. Changes in legislation and relevant technology have occurred since the construction of the buildings which have given rise to a number of issues, in particular, with Health and Safety and Environmental legislation. The Council has a duty of care to anyone on its premises and to its employees. These works also reduce the requirement for temporary works by contractors, which are expensive and inefficient. On 17 November, Cabinet approved a sum of £700,000 to carry out such repairs. Expenditure of £200,000 is forecast.

l) Revenue and Benefits System & Storage Area Network

The capital funding for the Revenue and Benefit System was for the replacement of ICT Storage Hardware.

This funding was combined with the capital funding for Corporate Storage, so that the total amount could provide enough storage to satisfy all requirements.

The hardware for ICT Storage has now been specified after consultation with Legal Services, Corporate Procurement and Contracts Section. The hardware will be installed during December 2008. Full spend of £613,000 is envisaged.

m) Water Hygiene

On 17 November, Cabinet approved a sum of £345,000 for Water Hygiene schemes. The priority list has been assessed; surveys undertaken and work have been commissioned against the allocated budget. Expenditure of £348,000 is anticipated.

## **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 revised capital programme was agreed by Cabinet on 17 November 2008 and Council on 27 November.
- 7.2 Non-housing capital receipts at period 7 amounted to £3.4 million, including those brought forward from the previous year. A further £0.9 million is required to meet the target agreed in November 2008.
- 7.3 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 7 are -

Receipts brought forward	£1.2 million
Right to Buy	£2.8 million (£0.8 million usable)
Other sales	£0.6 million (all usable)
Sale of Empty Homes which are recycled into buying more empty homes	£0.6 million

Therefore, receipts of £2.6 million have been generated towards the target of £5.5 million.

## **8 UNCOMMITTED SCHEMES**

- 8.1 Savings of £1.367 million have been identified following a review of existing schemes and resources throughout the Council's capital programme as approved by Cabinet on the 17 November 2008 and Council on 27 November.

## **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 94% 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:

<b>Approved Prudential Borrowing</b>	<b>2008/09 £000</b>	<b>2009/10 £000</b>
<b>Corporately Funded</b>		
Property Maintenance	213	1,000
Curve	8,731	324
Accommodation Strategy (CLABS)	3,151	4,249
City Centre Development Project (CCDP)	3,348	
CQ Infrastructure Project	73	
LRC Schemes	250	1,109
Digital Media Centre	690	551
Building Schools for the Future	2,200	
<b>Spend to Save</b>		
Resource Management Strategy	1,100	290
Hamilton Footbridge		81
Housing HRA – General	400	500
Lewisher Road		160
Vehicles in lieu of leasing	1,320	1,500
Property Purchase	354	
Saffron Lane Velodrome Demolition	173	
<b>Total Prudential Borrowing</b>	<b>22,003</b>	<b>9,764</b>

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):

<b>General Fund</b>	<b>Cumulative Unsupported Borrowing £000</b>	<b>Gross Revenue Expenditure £000</b>	<b>Cumulative Unsupported Borrowing as % of GRE</b>
2006/07 (actual)	19,572	746,743	2.6%

2007/08 (actual)	29,913	772,491	3.9%
2008/09 (forecast)	48,132	779,789	6.2%
2009/10 (forecast)	55,517	785,289	7.1%

<b>Housing Revenue Account</b>	<b>Cumulative Unsupported Borrowing £000</b>	<b>Gross Revenue Expenditure £000</b>	<b>Cumulative Unsupported Borrowing as % of GRE</b>
2006/07 (actual)	20,487	64,051	32.0%
2007/08 (actual)	20,121	65,017	30.9%
2008/09 (forecast)	19,647	69,476	28.3%
2009/10 (forecast)	19,257	73,300	26.3%

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

General Fund £5.6 million

Housing Revenue Account £1.89 million.

10.5 The total prudential borrowing now approved by the Council, including planned borrowing in 2008/09 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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<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)

**2008/09 CAPITAL PROGRAMME**

**APPENDIX A**

Department	Approved Programme	Forecast Outturn Period 4	Additions	Budget Transfers/ (Reduction)	(Slippage)	(Saving)	Overspend/ Payments Brought Forward	Forecast Outturn Period 7	Payments to end of Period 7	Percentage of Spend compared to Forecast
	£'000	£'000						£'000	£'000	£'000
<b>Adults &amp; Housing</b>										
Adults	555	768	116	(28)		(50)		806	200	25%
Housing	27,517	27,584	1,463	(2,779)				26,268	12,007	46%
<b>Children &amp; Young People's Services</b>										
Schools Projects	15,103	16,455	1,334	(1)			171	17,959	5,511	31%
Non Schools Projects	6,297	8,592	751	(163)	(130)			9,050	3,925	43%
BSF	15,184	15,204	19					15,223	10,268	67%
<b>Regeneration &amp; Culture</b>										
Regeneration	16,629	16,629			(1,438)			15,191	10,478	69%
Highways & Transportation	26,796	27,457	850		(2,040)		400	26,667	13,096	49%
Culture	2,094	3,592	173	(78)	(2,199)		24	1,512	365	24%
Environmental Services	848	897	20		(30)			887	178	20%
Economic Regeneration, Planning & Policy	342	344		(10)			12	346	230	66%
<b>Resources</b>	4,507	6,318	2,416		(146)			8,588	4,943	58%
<b>TOTAL</b>	<b>115,872</b>	<b>123,840</b>	<b>7,142</b>	<b>(3,059)</b>	<b>(5,983)</b>	<b>(50)</b>	<b>607</b>	<b>122,497</b>	<b>61,201</b>	<b>50%</b>

**APPENDIX B**

**2008/09**

**PRUDENTIAL INDICATORS**

	<b>Estimate Period 4</b>	<b>Latest Forecast</b>
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**AFFORDABILITY**

**Ratio of financing costs to net revenue stream**

Non - HRA	7.59%	5.98%
HRA	16.56%	16.52%

This expresses the capital financing budget as a proportion of the total budget requirement.

**Level of "unsupported" borrowing for the General Fund**

	£000	£000
Unsupported borrowing brought forward	29,913	29,913
New unsupported borrowing	18,868	20,366
Less unsupported borrowing repaid	<u>(3,295)</u>	<u>(3,433)</u>
Total unsupported borrowing carried forward	<u>45,486</u>	<u>46,846</u>

Some borrowing initially forecast for 2008/09 is now anticipated to be in later years.

**Level of "unsupported" borrowing relating to the HRA**

	£000	£000
Unsupported borrowing brought forward	20,121	20,121
New unsupported borrowing	1,600	400
Less unsupported borrowing repaid	<u>(874)</u>	<u>(874)</u>
Total unsupported borrowing carried forward	<u>20,847</u>	<u>19,647</u>

**Estimated incremental impact on council tax & average weekly rents of 2008/09 capital investment decisions**

	£	£
Band D council tax (£1,113.74)	0.00	0.00
HRA rent (£54.86)	0.04	0.04 *

\*increase from £0.02 due to increase in 08/09 unsupported borrowing from £1m to £1.6m currently assumed, and increase in interest rate.

**PRUDENCE**

**Level of capital expenditure**

	£000	£000
Children & Young People's Services	40,251	42,232
Housing	6,500	4,965 *
Transport	14,963	15,863
Regeneration	29,223	25,995 **
Other	11,819	12,139
Total non-HRA	102,756	101,194
HRA	21,084	21,303
Total	123,840	122,497

\*Reduction in forecast spend on Disabled Facilities Grants by £863,000 and Renovation Grants by £450,000 to accommodate the reduction in capital receipts available to fund the General Fund programme.

\*\*Slippage £3.5m on DMC and Growth Funds offset by additions and expenditure being brought forward

### Capital Financing Requirement

This measures the authority's underlying need to borrow for capital purposes.

	£000	£000
Non HRA	280,185	276,810
HRA	207,568	206,368

### General Fund Capital Financing Requirement split between unsupported and supported borrowing

	£000	£000
Supported Borrowing	234,699	228,678
Unsupported Borrowing	45,486	48,132
	<u>280,185</u>	<u>276,810</u>

### Authorised Limit

This is a statutory limit relating to external debt and is consistent with the authority's plans for capital expenditure and financing and with its treasury management policies.

The currently approved limit is £500 million.

### Operational Boundary

This is based on the same estimates as the Authorised Limit but reflects the Chief Finance Officer's estimate of the most likely level of debt.

The currently approved limit is £370 million.

## SUSTAINABILITY

### Upper limit on fixed and variable interest rate exposures, as a percentage of total debt net of investments

	%
Fixed interest rate	150
Variable interest rate	45

### Upper & lower limits for the maturity structure of its borrowing

	%
Under 12 months	
upper limit	30
lower limit	10
12 months & within 24 months	
upper limit	40
lower limit	10
24 months & within 5 years	
upper limit	60
lower limit	10
5 years & within 10 years	
upper limit	60
lower limit	10
10 years & above	
upper limit	100
lower limit	10

The upper limit for principal sums invested for more than 364 days is £90 million for 2008/09 and subsequent years.

