

Leicester
City Council

Cabinet
Scrutiny Committee

19 November 2001
VARIOUS

2001/02 CAPITAL PROGRAMME MONITORING

Report of the Chief Financial Officer

1. PURPOSE OF THE REPORT

- 1.1 The purpose of this report is to show the summary position of the capital programme for 2001/02 up to the end of August (period 5).

2. SUMMARY

- 2.1 This is the first report on progress in the 2001/02 capital programme and will be followed by further reports at period 8 and outturn.
- 2.2 Improvements have been made to the management of the capital programme in 2001/02 as a consequence of review of previous years' processes. All schemes are now underpinned with milestone information in order for a better view of projected spend to be made. An officers group has also been established to support the process. The new system of monitoring also includes assurance statements from directors about the position on their schemes.
- 2.3 The attached supporting information and table summarises the position relating to all areas of the programme.
- 2.4 Each Scrutiny Committee will receive a report in the current cycle, consisting of this covering report and separate appendices showing the capital programme in relation to their portfolio of responsibility. Cabinet and Finance, Resources and Equal Opportunities Scrutiny Committee are receiving reports in respect of the full corporate position.
- 2.5 The originally approved capital programme for 2001/02, as approved by Cabinet in February last year, totalled £69.082 million. This has been increased to £74.022 million following subsequent approved changes to the programme.
- 2.6 The current forecast level of expenditure at the end of the year is £66.005 million as shown below.

	£000
Original Approval	69,082
Approved Changes	4,940
Proposed Additions	231
Slippage	(8,471)
Overspending	223
	66,005

2.7 The actual level of expenditure to the end of August 2001 totalled £15.738 million, which represents 23.8% of the projected spend for the year. This can be compared to 18.3% at this time last year.

2.8 The programme is dependent upon the Council achieving capital receipts (non-housing) of £4.755 million in 2001/02. To date £0.2 million has been raised. Action has been taken to ensure that the target will be met and the position will be closely monitored throughout the year.

3. **RECOMMENDATIONS**

3.1 The Cabinet is recommended to:

- i) approve a revised level of programmed expenditure of £66.005 million, including rephasing of £8.471 million of into 2002/03.
- ii) note the level of expenditure to the end of August 2001 of £15.738 million.
- iii) note the position relating to capital receipts.
- iv) approve the following additions, to the Environment and Development capital programme:-

- Single Regeneration Budget – increase in grant funding - £203,000.
- Gypsy Sites Refurbishment (Meynells Gorse) - £28,000.

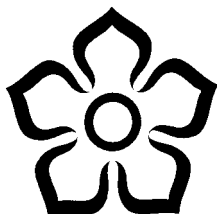
4. **FINANCIAL and LEGAL IMPLICATIONS**

4.1 This report is concerned solely with financial issues.

5. **Report Author/ Officer to contact:**

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SUPPORTING INFORMATION

1. SUMMARY

- 1.1 This report is the first of two capital monitoring reports for 2001/02, the second of which will be reported to Cabinet in February.
- 1.2 This report gives information on the latest forecast outturn relating to the 2001/02 capital programme, actual expenditure to the end of August and details of selected schemes. Progress in generating capital receipts is also detailed.

2. POSITION AT THE END OF AUGUST 2001 (PERIOD 5)

- 2.1 The overall financial position for each department is shown in Appendix 1.
- 2.2 The latest forecast outturn is £66.005 million.
- 2.3 The slippage and rephasing of £8.471 million relates to the following areas

	£000
Arts & Leisure	108
Education	2,814
Environment and Development	4,424
Social Services	380
Town Clerks and Corporate Resources	745
	8,471

- 2.4 Of the slippage of £8.471 million, £2.470 million relates to capital monies devolved to schools and to schemes dependent on third parties over which the Council has limited control.

- 2.5 The vast majority of slippage can be explained with reference to four specific programme areas, which are further described below. None of the projected slippage will result in any loss of resources to the Council.
- 2.5.1 Education – Secondary Review
2001/02 capital approval - £13.8 million. Forecast Outturn £11.9 million.
The profile of expenditure on this programme between financial years is difficult to calculate, as contractor payments are for large amounts and the timing of payments at year-end can lead to a substantial difference to the estimate. As a result, it is estimated £1.9 million of expenditure will now be incurred in 2002/03. The slippage relates to payments of contractors slipping into 2002/03 and not delays to the physical progress on the scheme.
- 2.5.2 Education – Devolved Formula Grant
2001/02 capital approval - £2.5 million. Forecast Outturn £1.5 million.
These funds are distributed to schools (as required by the Government) who arrange and pay for capital works to be carried out. The money does not have to be spent within the financial year and can be carried forward for up to 3 years to finance larger projects. As such it is difficult to forecast expenditure on behalf of schools within this financial year, although it is likely to be significantly more than the £347,000 spent by schools last year. Until further feedback is received from schools, it is proposed to reduce the forecast outturn for 2001/02 by £1 million.
- 2.5.3 E & D – Integrated Transport – various schemes.
2001/02 capital approval - £7.2 million. Forecast outturn - £4.6 million.
The planned slippage is due to insufficient capacity within the authority to deliver the various integrated transport schemes in 2001/02, (the result of greatly increased government spending allocations for transport). There is significant slippage in a number of areas, including Belgrave Corridor (slippage of £1.1 million), Public Transport interchange (£0.4 million), Traffic Calming (£0.5 million) and safer routes to schools (£0.5 million).
- 2.5.4 E & D – Victoria Road East Extension & Lewisher Road Link
2001/02 capital approval - £2.1 million. Forecast Outturn £0.3million
Slippage of £1.8 million has been forecast for this scheme, as a result of a delay to work starting on site, due to protracted negotiations with other parties and a restricted covenant on the land.

3. PROPOSED ADDITIONS

- 3.1 Approvals are sought for the following additions to the Environment and Development programme.
- 3.2 Single Regeneration Budget (SRB) – The authority has received an increase in Grant funding in 2001/02 of £203,000. These additional monies reflect the details of funding agreements received from EMDA in July 2001.
- 3.3 Gypsy Sites Refurbishment – Following a successful bid, the authority has received funding of £28,000 towards the refurbishment of the Gypsy site at Meynells Gorse.

4 CAPITAL RECEIPTS

- 4.1 The target for capital receipts is £4.755 million in 2001/02, including slippage from last year of £0.755 million, with a further target of £3 million from operational property by 2002/03. In addition, there is also a commitment to transfer £1.6 million to EMDA (preferably by the end of 2002/03 in order to avoid penalty payments, either by way of land or cash) as a result of the relocation of the depot from Abbey Meadows.
- 4.2 To date, the actual amount of capital receipts raised is £235,000. The total net estimated value of the non-operational properties earmarked for disposal in the current year is £5.5 million and for operational properties £0.5 million making a total of £6.0 million. Of this sum, £3.1 million is on target (although £2.495 million is not yet contracted) but sales estimated at £2.9 million have had problems identified with them. This includes two significant sites. One of these sites has been redesignated onto the flood plain, but the latest indications are that remedial works of £20,000 to £50,000 should be sufficient to gain planning permission. The other site, if a disposal to the purchaser with whom we have been negotiating did not proceed, would require a new purchaser to be found. Demand is considered high for the site, but it may be difficult to obtain this receipt in the current year.
- 4.3 However, it is still likely that at least a proportion of these problem cases will be completed this year thus reducing the shortfall. However, the Corporate Property Officer is preparing a list of additional properties for disposal by auction should this prove necessary.
- 4.4 The target for the current year has therefore to be regarded as challenging although appropriate action is being taken to ensure its target is met. The operational property target of £3million by 2002/03 is also challenging. This latter target is crucially dependent upon three school sites being sold (or transferred to EMDA in respect of the Abbey Meadows land swop) and all the receipts being utilised towards corporate targets.

5. CONSULTATION

- 5.1 All Departments have been consulted in the preparation of this report and have provided explanations on their spending programme.

6. FINANCIAL, LEGAL and OTHER IMPLICATIONS

- 6.1 This report is concerned solely with financial issues.

Other Implications	Yes/ NO	Paragraph referred
Equal Opportunities	No	-
Policy	No	-
Sustainable & Environmental	No	-
Crime & Disorder	No	-
Human Rights Act	No	-