



Leicester  
City Council

Performance & VFM Select Committee  
Cabinet

17<sup>th</sup> June 2009  
22<sup>nd</sup> June 2009

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## 2008/09 CAPITAL PROGRAMME MONITORING – OUTTURN

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### Report of the Chief Finance Officer

#### 1 PURPOSE OF REPORT

- 1.1 The purpose of this report is to show the outturn position of the 2008/09 capital programme. Previous reports have been presented to Cabinet and Select Committee in October, January and February.

#### 2 SUMMARY

- 2.1 The Council's total capital spending for 2008/09 was £118.8 million .This level of spending equates to a performance of 89% of the capital programme, allowing for schemes delivered under PFI financing, the total reaches 90%. This is the first time we have achieved this level.
- 2.2 However, performance would have been higher but for a significant level of slippage (£8m since the last report to committee). The reasons for the level of slippage include delays in agreeing final account payments for projects coupled with overly optimistic forecasting.
- 2.3 In November the capital programme for 2008/09 and 2009/10 was revised to reflect the likely achievement of capital receipts given the onset of recession. A reduced target of £4.3m was set, which was substantially achieved.
- 2.4 The Housing capital programme has been adjusted during the year, again to meet a fall in Right to Buy receipts resulting from the recession.

#### 3 RECOMMENDATIONS

- 3.1 Cabinet is recommended to:
- i) note the level of expenditure for 2008/09 of £118.8 million;

- ii) note that the outturn represents 89% of the approved programme compared with the 90% target (90% including PFI schemes);
- iii) note the position relating to capital receipts;
- iv) note the prudential indicators for 2008/09.
- v) Agree that capital funding at the Highfields Community Centre which has slipped be made available to Highfields Community Association to complete the original approved scheme. (see Para 6.4.2. e )

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 March 2009.

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 MARCH 2009 (OUTTURN)**

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

5.2 At outturn, 89% of the 2008/09 capital programme of £134.2m had been spent. (90% after allowing for PFI schemes).

5.3 Performance is variable between departments.

Key areas of slippage are:

Schools Projects (£2m) – including Environmental Projects, Classroom replacement & Secondary Schools Non-BSF.

Non Schools Projects (£2.8m) – including IT Projects, Surestart Programme and City Learning Centres.

Regeneration (£1.3m) which relates to Curve.

## **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 Expenditure of £37.1 million was achieved against a forecast of £39.1 million at period 9. Slippage of £5.4 million and budget reductions of £0.4 million were offset by expenditure brought forward of £3.8 million.

Details of progress on schemes are shown below:

#### **6.2.2 Devolved Formula Capital/ Specialist School Works**

Devolved Formula Capital (DFC) is provided by Central Government to Local Education Authorities who are required to allocate the funding directly to schools using a simple national formula that includes pupil numbers. Expenditure of £4.5m was forecast on a range of projects. The actual expenditure incurred was £4.3m. The spend on this element of the programme is directly controlled by the individual schools.

#### **6.2.3 Environmental & Education Programme**

Expenditure of £580k was forecast relating to an Environmental and Education Programme. This involves the carrying out of surveys in schools to assess current energy consumption and identify areas for improvement. The actual expenditure on this programme was £508k. There have been nearly 30 schemes identified in this part of the programme. Progress has varied across the schemes, with £71k of spend being brought forward on some schemes, and slippage of £142k on others. There are no individually significant variances.

Grants available through the Local Authority Energy Finance Fund and the Low Carbon Buildings Programme, combined with investment of some school contributions and Modernisation Advance Funding, have enabled over 20 schools to participate in the programme for energy efficiency and consumption reduction. Works have been targeted at schools with traditionally high consumption levels, with the aim of educating staff and pupils in sustainability technology and its benefits. Works have been carried out at over 20 schools, including replacement light fittings, sensor lighting controls, and improvements to heating and energy management systems. Apart from the economic benefits of lower consumption bills, the local application of these measures has helped to draw attention to such environmental benefits to over 15,000 staff and pupils on the chosen sites.

#### **6.2.4 Classroom Replacement Programme**

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

- i) Coleman Primary School (2 class bases)
- ii) Overdale Junior (2 class bases)

The forecast expenditure was £2,467k with the actual expenditure of £2,528k. The programme has been re-profiled from original plans, with spending accelerated at some schools and deferred at others.

#### 6.2.5 Humberstone Restructuring

Slippage of £166k took place on a major restructuring project at Humberstone Infant and Junior school which has a total cost of £3.1m.

#### 6.2.6 Secondary Non BSF

This programme of works on the secondary school estate relates mainly to contracts at Fullhurst, Cherryleas and New College. Works which have progressed faster than expected leading to bringing forward expenditure are the New College New Gym Centre £210k and Fullhurst Mobiles £22k. Slower progress on other schemes has led to slippage of £457k – mainly New College construction works £172k, Fullhurst MUGA £139k, Fullhurst Car Park £43k and Cherryleas Centre £100k.

#### 6.2.7 Sparkenhoe Extension

Additional expenditure of £101k was incurred relating to works on the Sparkenhoe project, which is being funded by the bringing forward of spend from future years.

#### 6.2.8 Individual Access Needs -Schools Access Initiative

This sum of money is top sliced and managed by the department for access needs building work for individual pupils. This is a reactive budget and it is not possible to accurately predict expenditure. Net slippage of £147k has occurred across a large number of projects.

#### 6.2.9 New Opportunities Sports Projects

This programme has been ongoing over a number of years with sport facilities being constructed at Fullhurst Community College (new sports hall), Moat Community College (multi purpose pitch), Soar Valley Community College (multi purpose pitch), Sir Jonathan North Community College (new tennis centre), City of Leicester Community College (new sports hall) and the Out Door Pursuit Centre (OPC) (new ropes course and proposed improvements to existing accommodation).

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

Slippage of £163k relates mainly to works at Leicester Outdoor Pursuits Centre £131k, with a final account at City of Leicester Sports Hall still outstanding in the expected sum of £30k.

This programme of major investment of Big Lottery Funding is virtually complete, with sports areas and changing facilities at various sites. 2008/09 saw the final completion of works at Sir Jonathon North Tennis Centre, part funded by the Lawn Tennis Association and a local tennis association, which is a local/ regional tennis resource aimed at encouraging participation by all schools in the City as well as the local community. By involving the local tennis association it has extended the joining up of the tennis interest network within

the City. The level of interest being generated in tennis through the new Centre should eventually feed through into an increased cohort of young tennis players to strengthen the national squad.

#### 6.2.10 Soar Valley Netball Centre

This new project has been progressed with major grant assistance from Sport England (£470k), and further contributions from Leicester City Netball League (£20k) and the School (£100k). Progress has been greater than expected in 2008/09 with spend brought forward from 2009/10 in the sum of £431k.

This new centre has attracted significant funding from the national association of Netball Great Britain, enabling the provision of a local and national centre for netball activity. The centre has recently been completed and will encourage the participation of all schools, the local community and local netball clubs. The aim of the Centre is to encourage talented players to achieve regional and national status, raising the profile of the sport, adding to the reputation of the City as Sporting Capital.

#### 6.2.11 Queensmead & Bendbow Crescent Amalgamation

Queensmead Primary School was completed in the summer of 2006. The vacant site at Queensmead Junior School was due to be disposed of in 2008/09, when the recession occurred. It is now uncertain when will be an advantageous time to sell, and the decision was made to demolish the old school building to avoid health and safety concerns. Demolition works have been slower than expected and slippage of £231k has occurred. Failure to receive the capital receipts in 2008/09 has affected the funding of the amalgamation scheme, which has been funded partly from other sources as an interim arrangement.

Braunstone Primary School was completed in the summer of 2007. As with Queensmead, the vacant site at Benbow Rise Infant school had been due to be disposed of in 2008/09, but this has also been placed on hold pending the economic recovery. Likewise the old building at Bendbow Rise has been scheduled for demolition, but in this case works have progressed faster than anticipated with spend of £26k brought forward from 2009/10.

#### 6.2.12 Taylor Road Primary School

This project involves building a new school on the existing site. The project was procured through an East Midlands Council framework known as SCAPE. The project started on site at the end of May 2008, with the school planned to move in September 2009. External works are due for completion by January 2010.

Problems with the timber frame company going into administration caused significant delays with the construction works, leading to slippage of £2m being identified at period 9. Thankfully the main contractor agreed to absorb the costs of the failure of the timber frame company, which led to a significant improvement in the revised timescale for works to be completed. The programme has recovered somewhat and the actual spend has been £3.9m compared with the period 9 forecast of £2.9m. The project is now back on programme.

### 6.2.13 Children's Centres

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

The programme was originally split into two phases, phase one relating to funding received from 2004/05 to 2005/06 and phase two from 2006/07 and 2007/08. There has now been a further allocation of funds towards the Phase 3 programme commenced in 2008/09.

The level of forecast expenditure was £2.4m at period 9 for all phases. Both slippage of £87k and additional spend of £27k has been incurred on various schemes under phase one, which relates to varying progress on the agreement of final accounts. Slippage of £322k has been incurred under phase two of the programme. The phase three spend of £59k has slipped as has planned spend of £10k on Extended Schools.

There has, however, been higher than forecast spend on Extended Services £390k, and Childcare Sustainability £105k, which has been met by bringing forward spend from 2009/10.

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

Mellor Primary new build - completed July 2008. Slippage of £27k has occurred relating to agreement of final accounts and release of retention payments.

Mowmacre Hill refurbishment and extension -completed in December 2008. Slippage of £32k has occurred as per Mellor Primary above.

Rowlatts Hill new build – completed in June 2008. Slippage of £31k has occurred as above.

North Evington/ Spinney Hill Refurbishment/Coleman – completed in October 2008. Additional expenditure has been incurred of £10k.

Final accounts are still outstanding at Braunstone Frith, Imperial Avenue and Scraftoft Valley leading to slippage of £147k in total.

### 6.2.14 Braunstone Skills Centre

This scheme involves the construction of a new training centre, which will provide vocational training in engineering and construction. The scheme commenced in March 2008 and was handed over in January 2009. Delays in settling the final account mean that expenditure of £168k has slipped into 2009/10.

#### 6.2.15 City Learning Centres

This relates to capital funding received for expenditure on the two centres in the city at Crown Hills Community College and Beaumont Leys Community College. The funding is spent on building improvements on the centre such as the new fitness centre at Crown Hills and the re-freshing of ICT equipment. Due to some unforeseen delays slippage of £326k has occurred.

#### 6.2.16 Youth Capital Projects

Schemes under the Government grants for Youth Capital Fund and Youth Capital Fund Plus, when taken together, have progressed ahead of the period 9 forecast and expenditure of £53k has been brought forward from 2009/10.

#### 6.2.17 IT

##### a) IT Projects

This scheme is for IT projects, including the provision of computers for pupils and various E-learning technologies. Expenditure of £1.1m has occurred with slippage of £703k to 2009/10.

Spend is focussed in two areas – Harnessing Technology Grant £715k and Computers for Pupils £403k.

Harnessing Technology is part of the investment in delivering the Government's E Strategy.

In particular Priority 3, a collaborative approach to personalised learning activities, and Priority 6, a common digital infrastructure to support transformation and reform. The grant is used to cover the costs of a common Learning Platform solution for all schools; infrastructure development in schools; continued participation in embc and development of the schools' broadband network. It may also be used to support the "real time" reporting on pupil progress, attendance, behaviour and special needs at least once per term.

##### Computers for Pupils

Funding has put ICT into homes of the most disadvantaged children and is used for the purchase of equipment and associated services, including internet broadband connection for one year. Improved networking, contact and integration of previously disadvantaged pupils will achieve positive discrimination by removing the sense of isolation and disconnection from mainstream school activity.

The outcome of this should be to bridge the digital divide, creating equal opportunities to access learning for all children, regardless of personal circumstance and allowing them to harness the power of technology to support learning and attainment.

##### b) Integrated Services

This relates to funding received for IT training and the purchasing of IT equipment. Ongoing recruitment difficulties have prevented the funding being expended as forecast, which has resulted in slippage of £132k.

c) ICT Support Projects

Government Grants for support to Children's Social Workers and Parents and Providers have, when taken together, spent ahead of the forecast by £15k. This has been brought forward from 2009/10.

6.2.18 Children's Residential Homes

The scheme to provide improvements to bedrooms, bathrooms and kitchen facilities in Children's Residential Homes, has not progressed as soon as expected, with slippage of £100k. By contrast, major upgrading works at Barnes Heath House have gone better than forecast, with £261k of spend having been brought forward from 2009/10.

6.2.19 Children's Play Projects

Spend on work at Aylestone Meadows Play Project has not occurred in 2008/09, with consequent slippage of £52k. By contrast, work on the £400k Play builder schemes (these include the provision of adventure play equipment) has commenced earlier than forecast and spend has been brought forward from 2009/10 in the sum of £271k. During the year works were completed at;

Evington: Adjustments to existing equipment and installation of new equipment and landscaping. (Evington Ward)

Overton: Removal of old equipment and installation of new equipment. (Charnwood Ward)

Thirlmere: Adjustments to existing equipment and installation of new equipment and landscaping. (Castle Ward)

Work also commenced at Braunstone (Braunstone & Rowley Fields Ward ) with the project including the removal of old equipment and installation of new equipment.

6.2.20 Building Schools for the Future

Building Schools for the Future (BSF) is a substantial, Government sponsored investment programme intended to transform secondary education. The current Design and Build projects (with the Council paying for the cost of construction, using Government grant) approved for commencement in 2007/08 are Beaumont Leys Secondary School (at a cost of £14.3m) and Fullhurst Community College (at a cost of £12m). Two further new build developments, financed using PFI credits, are at Judgemeanow Community College (cost of £16m) and Soar Valley Community College (cost of £20.9 m). The Design and Build schools are part of the Council's approved capital programme and spending is monitored in the usual way. The scope of work for these schools includes partial rebuild and refurbishment and construction on the existing school sites. ICT works for all four schools (also Government grant funded) are being developed by Northgate Solutions and comprise a central data centre and a network infrastructure to the schools.



All work is proceeding as planned and the target completion dates for the schools are now running earlier than expected. In the 2008/2009 financial year, there has been a net under spend of £552k on the BSF programme. Design and Build construction works have increased by £1,932k as the programme has run ahead of schedule; and initial spend on New College and Cherryleas projects has incurred spend of £27k, beyond the forecast at period 9. This has been offset by the slippage of £1,791k on anticipated ICT project spend, and deferment of proposed development costs of £720k which have instead been funded from the Children's department revenue budget.

The new school at Beaumont Leys was formally handed over six weeks early on 20<sup>th</sup> April 2009, and is the first BSF School in the country to have been completed early.

Fullhurst College handed over the first new build wing on 5<sup>th</sup> January 2009 as planned and the school is now expected to complete during August 2009 some nine weeks ahead of the planned date of 27<sup>th</sup> October 2009. This in itself will bring significant opportunities to improve the demolition works timetable over the summer holidays and Fullhurst is looking well placed to come out of construction works ahead of schedule and thereby concentrate on education attainment which is a main focus at that school, which is in Special Measures.

The handover of the new schools represents a significant achievement within the timetable and costs remain under control.

The schools have already introduced a sense of excitement and a morale step shift in staff and the children's engagement within each community. The BSF contracts contain key KPI delivery targets which are expected to significantly change school attendance levels and reduce pupil absenteeism, improve learning engagement particularly through more effective ICT use at school and in the home (using the BSF "anywhere anytime" approach) with the managed services which will commence full operation effective from the final handover date for each of the schools. Initial impressions from Beaumont Leys show that these are likely to be significant improvements.

### 6.3 **Regeneration and Culture**

6.3.1 The approved programme totalled £46.7m. Additions, slippage and other changes to the programme have reduced the actual expenditure to £41.8 m.

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

#### 6.3.3 **Regeneration**

##### a) CURVE

Expenditure of 88% had been incurred at outturn. The remaining costs, including contractual retentions are anticipated to be paid by December 2009. The work is now complete and the theatre opened in November 2008. The centre contains:

750 seat and flexible 350 capacity auditoria

Rehearsal, training and education spaces  
Meeting and seminar spaces  
Construction workshop and craft production areas in visible public locations  
Cafe bar and hospitality areas

b) Phoenix Square / Digital Media Centre (DMC)

This complex will be home to three cinema screens (replacing the current Phoenix cinema), a digital exhibition space and digital production facilities. It will house 37 new creative businesses, seven two-storey studio-office units, as well as a cafe/bar open to the public. Construction commenced in November 2007. The total project construction period is 85 weeks and is scheduled to complete in June 2009, although a delay of a few weeks may occur. The ERDF construction and spend targets were achieved at 31 December 2008 and this has secured the grant of £2.2 m.

#### 6.3.4 Highways and Transportation

a) Integrated Transport

Expenditure of £6.5m had been incurred at outturn on major transport schemes. This was £641k less than forecast at Period 9 because of underspends largely to do with Park & Ride Services (£518k) at Enderby and St Nicholas Place. Issues relating to establishing a contractual framework between all the parties involved led to delays in the commencement on Enderby Park and Ride project and St.Nicholas Place Bus Stop Project has slipped behind the original programme because of receiving objections and had to be re designed. The launch of the Park & Ride scheme remains on programme for late 2009.

b) Capital Maintenance Programme

The approved programme of other highways improvements totals £2.8 m. Final expenditure incurred in 2008/09 totaled £2.2m. The slippage is primarily due to;

- I. Delays in resurfacing Humberstone Road (£349k).
- II. Work on Old Bow Bridge scheme and Gwendolen Road Bridge has started but commencement on the former was delayed until the main Upperton Road works and The Magazine works were complete.
- III. Traffic Signal Renewal. Slippage of £85k occurred due to a delayed start on the A47 Corridor Improvement Project.

c) Upperton Road Viaduct

This scheme has included the provision of new turning heads on Western Road resulting in its closure to through-traffic and a pedestrian/cycle crossing at Great Central Way. Demolition of the viaduct has also created the opportunity to provide a high quality landscape scheme, provide for nature conservation and improve access, amenity and circulation through the area. An important feature of the scheme was to keep traffic moving along Upperton Road during the demolition and construction periods in order to minimize disruption to the wider network. A temporary road and footpaths were provided through the site for this purpose and temporary road closures were kept within planned timescales.

The project successfully achieved Constructing Excellence Demonstration status and has been recognised by the East Midlands Construction Industry as exemplar project in the way it was managed and delivered.

This bridge formally opened on 17 December 2008, meeting the scheduled completion deadline. A plaque was unveiled on the newly re-erected Statue of Liberty. This marked the completion of the major works on the project. Expenditure of £6.784 million was forecast at period 9 but slippage of £285k has occurred primarily due to delays in settling Statutory Undertakers final accounts. A revised forecast of spend in 2009-10 is now at £705k which will cover remaining ancillary works and professional services.

#### d) Other Highway Schemes

##### Watercourses

This was a late addition to the capital programme. Expenditure of £135k occurred during 2008-09 on urgent repairs and improvements to watercourses in the City to help reduce the risk of flooding to properties. Slippage of £6k will be carried forward to 2009/10.

##### Local Environmental Works (LEW)

The remainder of phase 2 of the 2007/8 LEW programme (£200,000) carried forward into 2008/9 is complete as is the 2008/9 LEW programme of works at Abbey Lane, Bradfield Close, Catherine Street/Sutton Avenue, Gypsy Lane and Mere Road. Expenditure of £59k has been brought forward from 2009/10 relating to works at Holderness Road and Gresley Close.

##### Bridge Refurbishment

On 17 November, Cabinet approved a sum of £150k. Work on the refurbishment of Braunstone Lane East bridge is complete with some minor remedial works remaining. The next City Council owned bridge repair scheme will be Aylestone Old Mill Bridge. Design has largely been completed in 2008/09 and construction due to commence in late 2009/10 if funding is available. A further report will be taken to Cabinet detailing the costings and programme of work.

#### e) Regeneration Schemes

##### Growth Fund Schemes

The programme spent £579k more than forecast at period 9. This mainly relates to an additional scheme – Highcross Residential Scheme (£686k). This scheme was part of the works associated with improving accessibility to, and the environment within, the city centre. Funding is from Growth Fund monies provided by the Department of Communities and Local Government.

##### Other City Centre Projects

These include Silver Street and Cank Street improvements. Design work has commenced and construction work will start in 2009/10, hence slippage of £303k. Other works due to commence in 2009/10 include Southampton Street.

### One Leicester

This project now encompasses the cost associated with a programme to develop the "One Leicester" city brand. Expenditure of £566k was incurred and will be funded from Corporate Resources (£182k) and LSEP grant (£384k) already received.

#### **6.3.5 Cultural Services**

##### a) Belgrave Hall Stable Block

This is an LSEP funded scheme (£350k). Works commenced in November 2008 but there have been significant delays due to major structural defects highlighted and other unforeseen issues. Unspent monies have been slipped into 2009/10.

##### b) Replacement for City Gallery

This scheme will replace the present City Gallery located on Granby Street and involve the development of the former Workplace Nursery on New Walk. Slippage of £55k has occurred due to the necessary review of the original architectural plans by the project managers.

#### **6.3.6 Environmental Services**

##### a) City Wide Allotment Strategy

Work is progressing in line with the agreed work programme. £309k was spent in 2008/09, mainly on the provision of compostable toilets and infrastructure improvements. Slippage of £18k occurred.

#### **6.3.7 Economic Regeneration, Planning and Policy**

##### a) Ashton Green

Actual expenditure of £254k was incurred on this scheme during 2008/09. Cabinet approved the project plan and new vision for Ashton Green on 5<sup>th</sup> January 2009. The master planning consultancy team has been appointed and commenced work in mid December. Slippage of £208k mainly relates to delays in producing the master plan, particularly the transport modelling. However this element of the project is currently on programme and within budget.

#### **6.4 Adults and Housing**

##### **6.4.1 Housing**

The level of expenditure for 2008/09 was £26.3m which was in line with the period 9 forecast. 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 major areas of expenditure in 2008/09 included rewiring £2.2m, window replacement £1.5m, boiler replacement £3.9m, kitchens & bathrooms £9m and disabled adaptations £1.5m.

b) Housing General Fund

Due to the problem of reduced Housing Capital receipts, new approvals of Home Improvement Grants, Decent Homes Grants, Home Maintenance Grants and Disabled Facilities Grants have been closely monitored with expenditure of £5.6 m incurred in 2008/09 .

#### 6.4.2 **Adult and Community Services**

Expenditure for the year totalled £761k compared with an approved programme of £952k.

Details of the main schemes in the programme are given below:

a) Combined Heat and Power

In March 2008, Cabinet approved £400k 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.

There are two stages to the Project with Stage One completed by March 2009 and Stage Two to run from April 2009 to March 2010.

Stage One expenditure in 2008/09 totalled £64k versus £100k approval giving slippage of £34k which will be used in Stage Two.

On 9<sup>th</sup> March 2009 Cabinet authorised the release of the remaining £300k of the original Cabinet Approval for Stage Two.

b) IT Investment

This scheme involves the purchase and implementation of an Electronic Care Monitoring (ECM) system within the Domiciliary Care Service. Slippage of £71k relates to the purchase of an ECM system technology solution which will improve monitoring of Home Care staff when delivering services to older people in their homes. Expenditure is likely to fall in 2009/10 subject to approval to proceed.

c) Intermediate Care

Intermediate Care facilities 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.

Expenditure of £110k has been incurred for the demolition of Butterwick House. This will allow for the construction of a new intermediate care facility.

d) Mental Health

The Mental Health grant of £208k has been spent on a number of projects, both in the statutory and voluntary sector. This includes social inclusion, increasing service user and carer empowerment and involvement.

This includes the following projects:

- I. Akwaaba Ayeh - extension to building to create space for meetings
- II. Leicestershire Action for Mental Health project - improving access and creating multi-faith prayer spaces
- III. Leicestershire Partnership Trust - purchasing equipment.

e) Highfields Centre

This scheme involves the provision of sound recording and other media related equipment at the Centre. Spend of £17k was incurred against the approved programme of £82k giving slippage of £65k. Whilst the equipment required under the scheme has been agreed the majority has yet to be purchased.

The Highfields Centre is transferring into Community ownership during 2009/10 and members are asked to agree the request of the Highfields Community Association to transfer the balance of monies to them so that the remaining equipment can be purchased.

f) Safer and Stronger Communities (SSCF)

This grant is provided to support the delivery of projects that contribute to the achievement of the outcomes, targets and indicators in our Local Area Agreement. Expenditure of £132k was spent on Alley Gates, Sensor Lighting, Sherpa mobile CCTV, and improving street lighting. At the time the grant was received levels of serious acquisitive crime (i.e. burglary, robbery and vehicle theft) were between 8-10% above target levels. At the end of March 2009 levels had reduced to -2.5% close to the reduction target of -3%.

## 6.5 **Resources**

The actual level of expenditure at the end of March 2009 totalled £8.5m which represents 101.2% of the full year forecast.

Progress on the main schemes in the programme is detailed below:

a) Hamilton Footbridge

The bridge is now complete and undergoing a formal process of adoption. Expenditure of £236k represents the Council's contribution to the construction of a footbridge, which provides a link over Hamilton Way and between the Hamilton Centre, the new Gateway College and proposed new housing developments.

A further £100k claimed by the contractor is under dispute of which a third is payable by the Council. Slippage of £46k has occurred relating to invoices awaited.

b) Accommodation Strategy

Expenditure of £3.7m has been incurred against the period 9 forecast figure of £3.5m. £191k of expenditure has been brought forward from the 2009/10 budget.

Programmes of works are underway for a new Customer Service Centre at Bishop Street, B7 New Walk Centre, Greyfriars and Relocation of Cash Services.

- Work on B7 is envisaged to be completed by June 2009.
- The Greyfriars complex is due to be completed by July 2009.
- Changes to A Block customer reception have been completed to accommodate public cash counters on a temporary basis prior to the use of the new Bishop Street facility.

c) Corporate Electronic Document Record Management System

The Property Services project is now complete and the system is fully operational. This system has improved the management of documents and the conversion of paper documents into electronic format. Expenditure of £427k had been incurred.

d) Disability Discrimination Act Improvements

Expenditure is designed to make buildings more accessible to the disabled and has totalled £310k. Schemes relating to the 2007/08 programme are now complete. A feasibility report has now been approved for Jewry Wall Museum. Planning permission has been obtained for the platform lift at New Parks Leisure Centre, pending approval from Building control. Slippage of £34k in 2008/09 will pay for these works in 2009/10.

Examples of completed schemes include;

- i) St Christopher's Children & Family Centre where wider and automatic entrance doors have been fitted together with two wheelchair accessible toilets,
- ii) A wheelchair access ramp provided at the "Lord Mayors" entrance to New Walk Museum (leads to performance area), and
- iii) An upgraded lift and courtyard enclosure to allow better wheelchair access to the lower ground floor, including cafeteria at the Adult Education College on Wellington Street.

e) Glenfield Tunnel – Safety Works

This scheme is now complete with final contract payments agreed and a claim of £89k from the contractor is being examined. Expenditure of £345k was incurred with slippage of £119k (representing the claim and some residual external fees).

f) Former Mundella School Demolition

All buildings on the site have now been demolished to ground level and all foundations and hardstanding removed. Earth bunds have been provided to prevent unauthorised vehicle access. The scheme has been delivered on time and within budget. Expenditure of £506k has been incurred with a saving of £4k achieved.

g) 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 £198k incurred with slippage of £15k.

h) Property Schemes

The City Council's buildings have been built and/or adapted at various times over the years. All work was carried out in compliance with the relevant legislative requirements at the time. Changes that 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. Projects completed include work to restrict unauthorised access to the roof by children at Braunstone Grove Centre, and replacement of fencing at Abbey Pumping Station Museum to restrict unauthorised access to the site and to reduce injuries to legitimate visitors.

Expenditure of £77k has been incurred resulting in slippage of £93k relating to assessments to be undertaken in 2009/10.

i) Resource Management System

This scheme has involved the purchase of a third party software package to provide a work engine for most of the Council's financial activities. The new RMS system – Agresso Business World – is replacing a number of older systems for example FMIS General Ledger, Accounts Payable and Purchase Order Modules, Wealden Debtors, Job Costing and Stores systems for Housing and Transportation, Fixed Assets Registers and Depreciation and Bank reconciliation. It went live on April 1, 2009. Expenditure of £1.3m was incurred during 2008/09, including some slippage brought forward from 2007/08. Work to progress development and roll out the system will continue throughout 2009/10, funded from the balance of the capital approval (£188k) and other earmarked funds (£200k).

j) Revenue and Benefits System & Storage Area Network

This scheme essentially provides a corporate data storage facility both for application systems, databases and corporate software systems such as Groupwise. Storage capacity will be considerably enlarged as a result. The hardware for ICT Storage has been purchased and installed. The system has been configured and tested. However utilisation of the system has been delayed pending resolution of power supply issues in the Data Centre. These will be resolved by the end of May. Expenditure of £613k has been incurred.



k) Town Hall Restoration

Works on this scheme are progressing well. To date the Town Hall Bollards have been installed and work on both the interior and exterior is nearly complete. Slippage of £214k relates to the mosaic floor being programmed in 2009/10 to avoid disruption in the operation of the Town Hall. Expenditure of £106k has been incurred.

l) Water Hygiene

This scheme is to improve water hygiene, and spending has been prioritised based on risk assessment information. Prioritisation is determined by both the kind of service use and the category of service users. A schedule of work required has been compiled into priority one, two and three cases. 90% of priority one, category one cases (i.e. the most urgent) were completed in the year. Expenditure of £349k has been incurred achieving 100% of forecast.

## **7 CAPITAL RECEIPTS**

7.1 The economic downturn has resulted in a dramatic reduction in the Council's ability to raise capital receipts, and thus has significantly reduced capital resources. A revised capital programme was agreed by Cabinet on 17 November and Council on 27 November 2008, which took into account the new reality of reduced receipts, particularly in future years.

7.2 Non-housing capital receipts for 2008/09 amounted to £3.9m which is close to expectations reported in November 2008. The outlook for receipts in 2009/10 is limited in the current economic climate.

7.3 Housing capital receipts for 2008/09 amounted to £3.6 m of usable receipts.

## **8 CAPITAL MONITORING TARGETS**

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 PRUDENTIAL BORROWING

9.1 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	1,661	500
Curve	7,565	324
Accommodation Strategy (CLABS)	3,631	5,749
City Centre Development Project (CCDP)	3,153	242
Digital Media Centre	1,174	2,796
Building Schools for the Future		2,200
LRC Schemes	250	1,109
Lewisher Road		160
Football Facilities		1,500
<b>Spend to Save</b>		
Resource Management Strategy	1,309	290
Hamilton Footbridge		81
Mundella Demolition	506	
Vehicles in lieu of leasing	1,712	1,500
Housing HRA-General	400	600
Saffron Lane Velodrome Demolition	173	
Property Purchase		352
Museum Collection Facility		157
Future Spend to Save		773
<b>Total Prudential Borrowing</b>	<b>21,534</b>	<b>18,333</b>

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

- 9.3 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>
2007/08 (actual)	35,668	772,491	4.6%
2008/09 (actual)	53,417	779,889	6.9%
2009/10 (forecast)	66,648	785,289	8.5%

<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>
2007/08 (actual)	20,121	65,017	30.9%
2008/09 (actual)	19,647	69,400	28.3%
2009/10 (forecast)	19,357	75,642	25.6%

## **10 PRUDENTIAL INDICATORS**

- 10.1 The latest forecast of performance in 2008/09 against approved indicators is shown in Appendix B.
- 10.2 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.

## **11 CONSULTATION**

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

## **12 FINANCIAL AND LEGAL IMPLICATIONS**

- 12.1 The report is largely concerned with financial issues.
- 12.2 Legal Implications - There are no additional legal implications.

### 13 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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Signed By: Andy Morley (297404)

Mark Noble  
Chief Finance Officer

<b>Key Decision</b>	No
<b>Reason</b>	N/A
<b>Appeared in Forward Plan</b>	N/A
<b>Executive or Council Decision</b>	Executive (Cabinet)

2008/09 CAPITAL PROGRAMME								APPENDIX A	
Department	Approved Programme	Forecast Outturn Period 9	Additions	Budget Transfers/ (Reduction)	(Slippage)	(Saving)	Overspend/ Payments Brought Forward	Outturn	Percentage of Spend compared to Forecast
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Adults &amp; Housing</b>									
Adults	555	682	132	0	(59)	0	6	761	112%
Housing	27,517	26,881					110	26,991	100%
<b>Children &amp; Young People's Services</b>									
Schools Projects	15,103	15,298	0	128	(2,054)	0	2,456	15,828	103%
Non Schools Projects	6,297	8,630	0	(520)	(2,809)	0	1,339	6,640	77%
BSF	15,184	15,223	0	0	(552)	0	0	14,671	96%
<b>Regeneration &amp; Culture</b>									
Regeneration	16,629	15,191	0	0	(1,319)	0	126	13,998	92%
Highways & Transportation	26,796	26,529	579	0	(568)	(16)	(173)	26,351	99%
Culture	2,094	1,512	47	(1)	(348)	0	0	1,210	80%
Environmental Services	848	830	46	0	(182)	0	0	694	84%
Economic Regeneration, Planning & Policy	342	596	0	44	(208)	0	0	432	72%
Vehicles - Spend to Save Programme		1,712						1,712	100%
<b>Resources</b>	4,507	8,393	0	0	(353)	(10)	467	8,497	101%
Resources - Central Maintenance Fund		1,000	0	0	0	0	0	1,000	100%
<b>TOTAL</b>	<b>115,872</b>	<b>122,477</b>	<b>804</b>	<b>(349)</b>	<b>(8,452)</b>	<b>(26)</b>	<b>4,331</b>	<b>118,785</b>	<b>97%</b>

**APPENDIX B**

**2008/09**

**PRUDENTIAL INDICATORS**

**Estimate  
Period 9** **Outturn**

**AFFORDABILITY**

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

Non - HRA	6.08%	6.16%
HRA	14.48%	14.48% *

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	35,668	35,668
New unsupported borrowing	22,265	21,134
Less unsupported borrowing repaid	<u>(3,366)</u>	<u>(3,385)</u>
Total unsupported borrowing carried forward	<u>54,567</u>	<u>53,417</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	400	400
Less unsupported borrowing repaid	<u>(874)</u>	<u>(874)</u>
Total unsupported borrowing carried forward	<u>19,647</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)	0.01	0.01

**PRUDENCE**

**Level of capital expenditure**

	£000	£000
Children & Young People's Services	39,151	37,140
Housing	5,007	6,197
Transport	15,291	14,983
Regeneration	26,430	27,702
Other	12,013	11,974
Total non-HRA	97,892	97,996
HRA	21,244	20,789
Total	119,136	118,785

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

	£000	£000
Non HRA	277,044	275,800
HRA	206,368	206,368

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

	£000	£000
Supported Borrowing	222,477	222,383
Unsupported Borrowing	54,567	53,417
	<u>277,044</u>	<u>275,800</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	150
Variable interest rate	45	45

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

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

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

