



Leicester
City Council

**PERFORMANCE & VFM SELECT COMMITTEE
CABINET**

**16th June 2010
21st June 2010**

2009/10 CAPITAL PROGRAMME MONITORING – OUTTURN

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 capital programme for 2009/10. Previous reports have been presented to Cabinet and the Performance and Value for Money Committee in October, December and March.

2 SUMMARY

- 2.1 The actual level of expenditure at outturn totalled £96.591m, and there has been substantial slippage since period 9. Taking account of additional expenditure and reductions; and omitting schools' devolved formula capital (as the Council has limited control over this) the actual performance against original approved programme is expenditure of 79% which is significantly under the 90% target.
- 2.2 Receipts from sales of capital assets are considerably reduced from previous years due to the effects of the market downturn. Nonetheless, actual receipts slightly exceeded the forecast made earlier in the year.

3 RECOMMENDATIONS

- 3.1 Cabinet is recommended to:

- i) note the outturn capital expenditure of £96.592m;
- ii) note the final capital receipts received of £656k;
- iii) note the prudential indicators for 2009/10.
- iv) Approve the release of £309k from the CLAB's capital budget to fund activities undertaken in 2009/10 and an option appraisal project being undertaken in respect of the accommodation strategy.
- v) Agree the proposal to cease the former requirement to use operational capital receipts to deliver revenue savings (see para.7)

- 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 for 2009/10.

4.3 The report also considers the extent to which the Council has achieved its programme of asset sales, which help fund the programme.

5 POSITION AT OUTTURN

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

5.2 Significant additional slippage of £17m has occurred since period 9. The most significant element of this relates to schools devolved formula capital (DFC - £5m) which is controlled directly by schools. Schools were advanced £2m of the 2010/11 DFC allocation by Government in 2009/10 and as they are required to use DFC collaboratively alongside the BSF and Primary Capital programmes this has delayed early spending. The remainder of the slippage occurred in a number of divisions although the principal contributors were slippage in the BSF programme (£1.5m), Primary Places Programme (£1.1m), Football investment strategy (£0.8m) and housing investment programme (£2m).

5.3 The recession continues to have an impact on our already low target for capital receipts.

6 PROGRESS ON SPECIFIC SCHEMES

6.1 Details of progress on major schemes in the programme are given below on a divisional basis in line with the authority's new management structure.

6.2 Social Care & Safeguarding

6.2.1 Schemes in this division relate to work on Children's Residential Homes and the YMCA Remodelling project.

6.2.2 The revised programme at period 9 totalled £0.732m and actual expenditure at outturn was £0.672m. Children's Residential Home slippage of £87k relates to Barnes Heath, where work is yet to be completed. Expenditure of £26k was brought forward for minor works to be carried out on residential homes.

6.3 Access, Inclusion & Participation

6.3.1 Schemes in this division include Children's Centres, Short Break Pathfinder Grant and Youth Projects.

- 6.3.2 There has been slippage of £598k for the phase 1 and 2 schemes for Children's Centres as a result of later than anticipated settlement of final accounts. Phase 3 projects have progressed more quickly than programmed resulting in expenditure of £439k being brought forward.
- 6.3.3 Short Break Pathfinder Grant – £70k of grant assistance to parents and carers of disabled children was spent. This was lower than anticipated, and £76k will be rolled forward into 2010/11.
- 6.3.4 Youth Projects slippage was for the Coleman Ball Court of £114k, as work has been delayed by discussions to achieve an acceptable capital cost and an operational plan for the on going running and funding of the court. The scheme will be proceeding shortly. There was also slippage on the St Andrews Contact Centre of £78k as works on the heating and window replacement works could not be done in the winter months. Work on following projects progressed ahead of the programmed spend:
 Youth Capital Fund Grant £178K
 Barleycroft Youth Centre £36K
 Leicester Parkour £48K
 Other smaller youth schemes £9K

6.4 Learning Environment

- 6.4.1 Schemes in this division include New Primary Places, schools devolved capital, school kitchens and the classroom replacement programme.
- 6.4.2 The revised programme at period 9 totalled £36.18m. Expenditure of £28.336m had been incurred at the end of March. A significant amount of slippage has occurred since period 9. This relates primarily to Schools DFC and is covered in more detail below.
- 6.4.3 **Progress and comments on major schemes detailed below:**

- a) Schools Devolved Formula Capital
 Schools DFC (slippage £4,908K) - Schools received part of their 2010/11 DFC allocation in advance in 2009/10 (£2m), in line with national policy, and in addition secondary schools received funding initially held back from 2009/10 (£2.1m). Schools were encouraged to consider ways of utilising DFC collaboratively, both with each other for local schemes and with the Council to complement the Primary Capital Programme and Building Schools for the Future. Schools were also encouraged not to spend DFC on buildings scheduled to be demolished or refurbished as part of these programmes, unless essential for health and safety or educational reasons. This longer term, strategic focus with an emphasis on collaboration will ultimately lead to a more effective use of the funds, but in the short term it has contributed to the allocations not being fully spent in-year. Schools are not routinely required to provide forecast spend against DFC.
- b) New Primary Places (£11.8m)
 The project includes works at a number of schools with expenditure of £10.93m at the end of March against a forecast of £11.8m at period 9.

Significant elements of New Primary Places project are as follows:

Humberstone Junior & Infants Restructuring £465K - The construction project commenced on site quicker than originally anticipated when the profiling was

set for the project in the capital programme. This has resulted in additional expenditure compared to the forecast, which will be met from bringing forward of funding from future years.

There was slippage of £1.17m as the profiling of works at the following sites proved to be over-optimistic :-

Eyres Monsell & CHS (£76K) – final account outstanding.

Marriott Primary (£88K) – bad weather and late utility connection delays.

Rowlatts Hill Primary (£40K) – project 2 weeks behind, but is expected to complete on time.

St Barnabas (£96K) – site purchase delays.

Rolleston Primary (£180K) – contract negotiation delays.

Mellor Primary New School (£380K) – later start than originally planned - project has been submitted for planning approval and work should start on site in the summer holidays, completion due autumn 2011 (in line with the original programme).

Forest Lodge Primary School (£50K) – feasibility study delays (on the proposed size of the school)

ASD Unit Westgate (£10K) – minor delays.

Pupil Place Planning System (£190K) – This new software system was not ordered until April 2010, later than planned. During the tendering process the specification was expanded to cover the Strategic Assessment Management section for asset management to be compatible with the County's approach to pupil place planning. The procurements is likely to be complete by the end of 2010.

c) Building Schools for the Future – Phase 1 & 2

Total spend of £9.286m was achieved at the end of March. All phase 1 schemes were completed by February. Beaumont Leys secondary School was awarded the national BSF School Of The Year award in late 2009. There has been slippage on phase 2 schemes totalling £1.517m as follows:

Cherryleas Assessment Centre (£486K) – this scheme has now been deferred to reflect the inclusion of special schools into the BSF programme. As part of the Special School strategy produced in January 2010, it was proposed to transfer the Pupil Referral Unit to the Southfields and Newry school site.

Integrated Service Hubs (ISH) Crown Hills (£291K) – Later than planned start on works, and won't proceed until the next phase of the BSF scheme has been confirmed.

ISH Rushey Mead (£75K) – Later than planned start on works, due to the late approval of the Rushey Mead project by Partnerships for Schools.

ICT Works to BSF Schools (£666K) – The final implementation certificate for 4 schools was delayed into April 2010 (£250K); Choice Funds spend was lower than programmed (£50K) as was Development Fund (£100k) by – this will roll forward to 2010/11; delays in agreeing the financial contributions from schools also delayed works and spend (£266K).

d) Classroom Replacement Programme

All projects planned for the year were completed with a spend of £1.062m

e) School Kitchens (£1.9m)

A collection of new School Kitchen and Dining Facilities Grants were approved by DCSF in the late summer of 2009 which were included in the capital

programme. It was planned that the works at Crown Hills and Rushey Mead be carried out as part of the BSF programme. Delay in receiving the final approval from Partnership for Schools for the remaining phases of the BSF programme has meant slippage has occurred as follows :-

Crown Hills (£259K)

Rushey Mead (£230K)

Unidentified Sites (£111K)

Procurement for the works will proceed when clarity on the next phase of the BSF programme is received.

6.5 Learning Services

6.5.1 Schemes in the Learning Services Division include IT Projects, Children's Play Programmes, Individual Access Needs, New Opportunities Sports Programme, Braunstone Skills Centre and City Learning Centres.

6.5.2 The revised programme at period 9 totalled £3m. Actual spend at the end of March was £2.378m. The two main areas of lower than expected spend were IT Projects, Harnessing Technology Grants to schools (£250k) and the Children's Play Programmes project (£287k). The latter are not scheduled to be completed until April 2011.

6.6 Highways and Transportation

6.6.1 The actual expenditure to 31st March 2010 amounted to £15.4m for Highways and Transportation schemes compared to period 9 forecast of £14.5m. This is because some spend is programmed on a three year rather than a one year basis.

6.6.2 The Highways and Transportation capital programme is made up of the following main areas:

- (a) The integrated transport programme;
- (b) Capital maintenance;
- (c) Other minor programmes;
- (d) Regeneration programme;
- (e) Vehicle replacement.

6.6.3 The major projects within the **Integrated Transport programme** include Quality Bus Corridors (£3.4m), Park & Ride Services (£3.1m), Walking & Cycling Schemes (£0.8m), Bus Improvements (£0.3m) and Safer Roads (£0.7m). Expenditure of £9.264m had been incurred to 31st March 2010.

6.6.4 2010/11 is the final year of the 3 year second Local Transport Plan (LTP), funding for which is allocated on an annual basis. The level of over programming in 2009/10 (the extent to which the cost of schemes programmed exceeds the annual resource allocation available) is £1.7m. The 2010/11 resource allocation will be reduced by the £1.7m for expenditure brought forward into 2009/10. Expenditure brought forward relates to the A47 Humberstone Road Quality Bus Corridor, Sanvey Gate Junction Improvements and the completion of the Enderby Park and Ride Scheme. The Humberstone Road and Sanvey Gate schemes are anticipated to be completed in 2010/11.

6.6.5 Other schemes completed include the St Nicholas Park and Ride Terminus, pedestrian crossing schemes on Hinckley Road, Coleman Road, and Liberty Road, Safety schemes at Hallam Crescent, Avenue and St John's School, and Glenfield

Road. A programme to provide 45 bus stops with level access was also completed with a further 40 planned in 2010/11.

- 6.6.6 Total expenditure on **Capital Maintenance** for 2009/10 was £2.74m. The Capital Maintenance programme includes resurfacing works on Loughborough Road Carriageway and for Phase 1 of the A47 Humberstone. The remaining Humberstone Road resurfacing at its junction with Forest Road has been delayed until summer 2010 because of delays in completing the Statutory Undertakers work.
- 6.6.7 The Hot Rolled Asphalt repairs programme (£50,000) was used to carry out major carriageways repairs on the Principal Network arising from the severe winter weather over the past two years (including repairs to London Road and Krefeld Way).
- 6.6.8 Footway schemes completed include Mere Road (Part 2), Burleys Way, Lutterworth Road, and Frog Island. Footway work has started on Aylestone Road and Wellington Street which is due to be completed by June 2010. Narborough Road footway scheme is programmed for 2010/11.
- 6.6.9 Palmerstone Way Bridge is substantially complete and Soar Valley Way (A563) is to start in July 2010 and to be completed before Christmas 2010. Work on the Old Bow Bridge scheme is complete. Work on Knighton Lane East started at the end of March 2010 and will be followed by Whittier Road and Fernier Road Bridge.
- 6.6.10 Traffic signal renewal works ran to programme except for three schemes which were pushed back to coincide with other road works. The street lighting column replacement work is complete.
- 6.6.11 **Other H&T schemes** – This includes Local Environmental Works (LEW) programme, Bridge Refurbishment programme, and Watercourses. A report was taken to Cabinet on the 15th February 2010 to approve additional expenditure for LEW (£250k), Bridge Refurbishment programme (£150k), and Watercourses (£50k). Outturn expenditure was £329,000 compared to a budget of £599,000.
- 6.6.12 **Regeneration** schemes expenditure in 2009/10 was £2.58m. Schemes include public realm improvements at Cank Street, Southampton Street, St George's North, Wharf Street South, Granby Street South, and Walk of Fame. The cinquefoils of famous people were installed in April 2010 and an Official Launch took place on 24 April.
- 6.6.13 The Granby Street gateway scheme construction works are planned to start in May 2010 and the cost of the scheme is estimated at £1.65m, £0.2m of which has been spent on design and fees. The main features include construction of Supercrossing; filling of the subway; to include cycle lanes in both directions; to improve pedestrian and cyclist facilities, loading & parking facilities, and to plant trees in order to create a pleasant and welcoming gateway effect; improved lighting and CCTV facilities.
- 6.6.14 **Vehicle Replacement Programme**
Actual expenditure on the Replacement Programme was £1.117m to the end of March 2010. Delivery of vehicles for the 2009/10 replacement programme will be completed by the end of May 2010, resulting in slippage of £0.9m.

6.7 Cultural Services

6.7.1 The Cultural Services capital programme at period 9 totaled £9.216m. The actual expenditure at 31st March 2010 amounted to £7.96m. This was mainly due to slippage on the Football Investment Programme.

6.7.2 The programme for 2009/10 is summarised in the table below:

Scheme	Revised Programme P.09 '£000	Final Outturn 2009/10 '£000	Difference (+/-) '£000
Football Investment Strategy	3,100	2,278	822
Curve	1,570	1,250	320
Phoenix Square	2,278	2,260	18
New Parks Library	1,273	1,283	(10)
City Gallery Replacement	230	263	(33)
De Montfort Hall – Box Office	135	23	112
Belgrave Hall Stable Block	335	335	0
Special Olympics 2009	100	100	0
New Walk Museum	86	64	22
Castle Options Appraisal	49	49	0
Other Culture Schemes	60	60	0
Total Culture Services	9,216	7,965	1,251

6.7.3 Key points for the above programme are as follows:

Football Investment Strategy

Expenditure of £2.3m has been incurred in the current financial year with slippage of £0.8m resulting into 2010/11. There have been delays in starting at 4 sites: Both Aylestone Recreation Ground and Beaumont Park sites required further soil surveys in order to confirm that any contamination was minimal and would not affect the projects. The location of the new facilities at Aylestone Playing Fields and Hamilton Park site is currently being decided with stakeholders.

Ball Courts at St Andrews and Cossington have now been completed and contractors are on site at Victoria Park. The final ball court site at Overton Road will be completed in 2010/11.

Contractors are on site to complete the grass pitches at Rushey Fields, New College, Aylestone Recreation Ground, Beaumont Park, and Mary Linwood Playing Fields.

All sites are expected to be completed in 2010/11.

Replacement of City Gallery

Cabinet approved the revised design for the Gallery at their meeting on 29 March 2010 and agreed continued work on the project subject to endorsement by Cabinet of a robust business case that would also consider and review i) the financial viability of the project from both a capital and revenue perspective, ii) whether the location is the most appropriate, and iii) whether the project represents value for money.

New Parks Library and Community Centre

Practical completion of the building was achieved on 18th December as per programme. The library service completed the building fit out 3 weeks ahead of

schedule. The existing library on Dillon Road closed on 30th January 2010. The new library was opened on Tuesday 16th March 2010.

The final valuation for the main contract is expected to be paid in May 2010. There is no retention with this contract. The New Parks Library & Community Learning Centre project was delivered on schedule and on budget.

6.8 Environmental Services

6.8.1 The revised programme at period 09 for Environmental Services related schemes was £947k. The significant projects within the programme include City Wide Allotments Strategy (£301k), Adventure Playground Equipment (£282k), Tree Planting (£139k). An additional scheme for Replacement Parks Plant and Equipment (£1.007m), has been added since period 9.

6.8.2 **City Wide Allotment Strategy** - This project is now complete. The major works in 2009/10 included provision of compostable toilets at nine allotment sites and repairs to paths and roads.

6.8.3 **Tree Planting** - This is a programme to plant a total of 10,000 trees across the City. The project's delivery plan is established and notable events in 2009/10 were the planting of the 5,000th tree at Monks Rest Gardens, the tree giveaway at Leicester Market, and community planting at Gorse Hill City Farm. The 10,000 Trees project will be completed by March 2011 as planned, with the total planted likely to exceed 10,000. The project is anticipated to be on budget.

6.8.4 **Parks Plant and Equipment** – Expenditure of £1.007m in 2009/10 related to ride on mowers and pedestrian mowers of various specification, from rough cut and highway maintenance to fine turf, e.g. golf course maintenance. Parks Services had in the past leased the vehicles. However, it is more cost effective to purchase the plant and equipment using prudential borrowing.

6.9 Planning and Economic Development

6.9.1 The revised programme for Planning & Economic Development at period 09 was £2.56m. The main schemes are Ashton Green, Growth Fund Schemes and Leicester Science Park Innovation Workspace Project. Three new capital schemes have been added since period 09, being New Business Quarter Phase 2, Greenacres, and Leicester Business Centre Phase IV:

6.9.2 **New Business Quarter Phase 2 (NBQ 2)** - Phase 1 of the New Business Quarter has been completed at Colton Square (10,000sq m), but in isolation does not create the critical mass required to achieve a step change in the Leicester office market.

The second phase (known as NBQ2) is now proposed on the existing rail station car park together with the site of the current Royal Mail Delivery Office at Campbell Street. These two sites are capable jointly of providing up to 30,000 sqm of Grade A business space.

The relocation of the Royal Mail facility will allow Leicester to deliver Grade A office space in a sustainable location, and most importantly, demonstrate the ability to accommodate major office users including Government relocations.

This project will provide a site for development of the new office space. Costs include site assembly, construction of the new Royal Mail replacement facility and relocation costs. The project is entirely externally funded by EMDA, Growth Fund, and

Sustrans. Expenditure of £1.857m in 09/10 relates to the acquisition of Charter Street sites for the new Royal Mail facility, legal costs, and fees.

6.9.3 **Greenacres** – This scheme is the completion of the construction of the Greenacres site in order for it to be let. It is funded by Working Neighbourhoods Fund (WNF) Grant.

6.9.4 **Leicester Business Centre Phase IV** – The project will refurbish the final phase of Leicester Business Centre which will provide the centre with a communal business area with an exhibition area, conference and training facilities, a library/information point, a dedicated space for Business Link and a much needed cafe area.

The fourth and final phase of improvements will cost £750,000 funded from ERDF and WNF and will support small and medium businesses with the provision of incubation and managed workspaces within the Belgrave Ward. The 2009/10 spend of £36k relates to Property Services professional fees for preparing the plans for the project.

6.9.5 **Growth Fund Schemes** – The actual expenditure on Growth Fund Schemes at 31st March 2010 amounted to £1.52m. The BUSM New Belgrave Community and the Sangra and Shonki Buildings schemes have now been completed. The slippage of £286k mainly relates to Abbey Meadows Road & Footbridge (£197k), Abbey Meadows Transport Study (£40k), and Wolsey Island Water Tower Stabilisation Repairs (£50k), the designs for which will be completed in 2010/11.

6.10 **Personalisation and Business Support**

6.10.1 There are two key areas of the programme:

(a) ICT Investment (Approved programme £71k, Spent £1k);

(b) Adult Social Care IT Infrastructure (Approved programme £101K- Spent £0).

In both these cases, plans are being reviewed as part of the transformation project: hence the low level of spend.

6.11 **Older People Service**

6.11.1 **Elderly persons Homes (EPH's)** (Approved programme £159k, Spent £98k). The EPH capital programme covers a variety of works across the City Council's EPH portfolio. Works have taken place at Arbor House, Brookside Court, Cooper House, Elizabeth House, Nuffield House and Preston Lodge.

6.11.2 Intermediate Care

Intermediate Care facilities promote independence, reduce long-term care needs and therefore reduce care costs. There is a relative shortage of such facilities in Leicester compared with other areas of similar population.

Funding has been provided to establish a further Intermediate Care facility within the city in partnership with the NHS. In 2009/10 £11k was spent on further demolition costs of the old facility. In order to progress, further negotiations are taking place with the PCT.

6.12 Safer and Stronger Communities

6.12.1 Key areas of the programme are discussed below.

6.12.2 Community Centres (Approved programme £200k. Spent £187k)

As part of the Modernisation of Community Services programme, several community centres were identified as requiring capital works that included Health and Safety, essential maintenance and improving the physical appearance of Centres.

Significant items of spend occurred at the following community centres:

- St Matthews - £43k Refurbishment of first floor changing area in the sports hall. New floor cover on first floor outside the sports area. New reception desk and refurbishment;
- Linwood - £20k Refurbishment and upgrade of kitchen equipment;
- Home Farm - £20k Refurbishment of toilets and bar area;
- West End - £57k Upgrade of kitchen, refurbishment of shower facilities, reception area, hall, main lounge and meeting area;
- Cort Crescent - £15k Refurbishment of toilets;
- Fire Assessments - £20k has been spent on fire risk assessments across all the community centres;
- Water hygiene Works - £15k In order to maintain the necessary hygiene standards money was spent on the upgrade of water systems.

6.12.3 Highfields Community Centre (Approved Programme £65k, Spent £65k)

This represents an allocation to the Highfields Community Association to enable them to complete a previous development programme once the centre passes into community ownership. The Highfields community association will spend the money on digital audio and visual recording equipment.

6.12.4 Belgrave NC (Approved Programme £57k, Spent £3k)

This scheme is to refurbish the toilets and surrounding area at the neighbourhood centre which will improve the condition of the area and address significant health & Safety issues. Due to delays in tendering the contract the refurbishment works will be carried out in 2010/11.

6.12.5 Safer and Stronger Communities (Spend £132k)

This grant is provided to support the delivery of projects that will contribute to the achievement of the outcomes, targets and indicators in the Local Area Agreement. Money has been spent on a range of Crime and Community Safety related issues such as alley gates, target Hardening and Digital Camera's.

6.12.6 Leicester and Leicestershire Multi Access Centres (Additions £560k, Spent £515k)

Money had been provided by EMDA for Capital Investment into Leicester and Leicestershire Mac's. Mac's are multi access centres which seek to provide a mechanism to support the long term unemployed and low skilled individuals within the sub regions most deprived communities into employment. Money has been spent on Broadband Equipment, Furniture, refurbishment, and desktop PC's across the Braunstone, New Parks, St Matthews and City MAC's.

Confirmation of the funding was only received from EMDA in January 2010 and therefore there was some difficulty in spending the full allocation by the end of the financial year. The money has been spent on a range of centres.

6.13 Community Care Services

6.13.1 Mental Health (Approved programme £100k, Spent £71k)

The Mental Health grant is spent on a number of projects, both in the statutory and voluntary sectors. This will support social inclusion, increasing service user involvement and carer empowerment. Eight organisations have been sent approval letters accepting their bids. The largest one is for Advance support, to be used for a variety of schemes that will help deliver outreach work and aid in the production of digital resources. There has been slippage of £29k since period 9 as there has not been a sufficient amount of bids and those bids that have been put forward have not fulfilled the necessary criteria.

6.14 Housing Services /Housing Strategy & Options

6.14.1 The housing capital programme consists of stock improvement and general fund schemes (principally private sector housing grants). Stock improvement schemes are managed as a programme, with some work proceeding faster than expected if there are unexpected delays elsewhere. Most of the programme is intended to deliver the Decent Homes Standard, and the following works have taken place:

- 1,278 Kitchen refurbishments.
- 807 Bathroom refurbishments.
- 1,320 Boiler replacements.
- 267 Electrical rewiring.
- 54 Roof replacements

6.14.2 Slippage of £2m arose due to delays in the letting of contracts. During the year, £0.7m was added to the programme following successful bids for new build funding. This together with substantial funding in later years will support achievement of NI55 (number of affordable homes).

During the year, the disabled facilities and private sector renovation grant programmes had to be curtailed due to falling levels of capital receipts from right to buy sales - this is a consequence of the recession.

6.15 Strategic Asset Management

6.15.1 Accommodation Strategy – Expenditure on CLABs has totalled approximately £1.4m in 2009/10 with significant schemes undertaken including the refurbishment of the final floor of Sovereign House, B7 and at Greyfriars. The post room was relocated to Pilot House and the bulk cash service to York Road. Engineers were commissioned to carry out a structural survey of NWC the results of which will feed into an appraisal of options available to the Council for the future provision of city centre offices. This report seeks approval to the release of £309k from the CLABs capital budget to cover the costs of the commissioned structural report and fund works undertaken in 2009-10.

6.15.2 **Bowstring Bridge** – The demolition of the Bowstring Bridge has now been completed at a total cost of £500,000 comprising £471,700 in demolition works, fees and other charges and £28,300 in security and other costs relating to the high profile of the work. The budget provision within the capital programme is £472,000. As the work was completed sooner than originally planned £222k of expenditure has been brought forward from the 2010-11 programme. The additional security related costs will be funded from savings elsewhere in the SAM programme.

6.15.3 **Hamilton Footbridge** – The bridge is now open and provides a foot and cycle link over the ring road to the Hamilton Tesco centre. It has been constructed by the Hamilton trustees with Tesco also providing a contribution. The Council's final contribution to the cost remains outstanding.

6.15.4 **Town Hall Restoration** – The programme of works for 2009-10 have now been completed. There has been additional expenditure of £12,000 due to unforeseen works in relation to IT data communications points when refurbishing the committee rooms. This additional spend will be met from existing property capital programme budgets.

6.15.5 **Water Hygiene** – The 2009/10 water hygiene capital allowance of £345,000 and an additional £5,000 has been spent on a list of prioritised remedial works identified from the current Legionella risk assessments. The works were arranged and conducted at all LCC operational buildings where water systems failed to comply with the regulations or meet legislative requirements as identified in the risk assessments. An example of the works required would include rationalising water systems, cold water storage tank replacement, calorifier and water heater replacement, modification to pipework and removing dead legs or blind pipe runs.
The additional spend of £5,000 will be met from the 2010/11 allocation.

6.15.6 **Property Schemes** – Cabinet approved a further programme of schemes totalling £244k in September 2009.
Work to this value has been completed, although slippage of £109,000 has arisen due to final accounts remaining outstanding.

6.16 **Financial Services**

6.16.1 The RMS project achieved success when the system went live on April 1 2009, replacing the former FMIS system. The early months of 2009/10 were focussed on resolving snagging issues, preparing for budget monitoring during the year, training and report writing. Since October, the project has also been engaged in phase 2, which is intended to draw out more significant benefits and improvements from the new system, and facilitate the efficiency savings which must be achieved from the Support Services Review. Spend in 2009/10 was funded from the remainder of the capital allocation for the project, and the earmarked reserve created for that purpose. Expenditure in 2010/11 will be funded from monies approved in the 2010/11 revenue budget.

6.17 **Corporate Governance**

6.17.1 The programme of £128k is to support the Ward community meetings in responding to suggestions for local improvements made by residents. This expenditure has now been incurred.

7 CAPITAL RECEIPTS

- 7.1 The recession, and in particular the subsequent effect on the commercial property market has had a serious effect on the Council's ability to raise capital receipts and thus finance the capital programme. Expectations were accordingly scaled down significantly, and subsequent reductions were assumed when the 2010/11 programme was approved.
- 7.2 Non-earmarked, non-housing capital receipts of £656k have been realised compared to an original target of £2.3m, although it was realised part way through the year that actual receipts would be closer to £500k. Accordingly, the shortfall of capital receipts will require the use of the prudential borrowing contingency of £2.245m included when the capital programme was set in order to finance the corporate programme.
- 7.3 The Housing usable capital receipts outturn was £1.896m of which £1.539m relates to HRA receipts and £357k Housing General Fund. This position is approximately £600k better than the overall forecast receipts target of £1.3m reported for period 9.
- 7.4 £0.6m of receipts have been received from property sales contributing to the "T12" target. This was a former budget target to dispose of surplus operational buildings and use the interest and other savings to support the revenue budget. This programme did not meet the original £12m target, and the budget expectation has been removed from the budget as a result of current extremely low interest rates. It is recommended that this £0.6m, together with any future receipts, are used to support the capital programme.

8 CAPITAL MONITORING TARGETS

- 8.1 In October 2003 Cabinet agreed a performance target for capital expenditure of 90% of the original programme, excluding schemes where there is significant 3rd party involvement.
- 8.2 For programmes excluding those schemes with significant 3rd party involvement and additions/budget reductions or expenditure brought forward the outturn position represents 79% of the original programme.

9 PRUDENTIAL BORROWING

- 9.1 Details of schemes to be funded by prudential borrowing and the forecast level of expenditure for 2009/10 are shown on the next page:

Approved Prudential Borrowing	2009/10 Pd 9 Estimate	2009/10 Outturn Forecast
	£000	£000
Corporately Funded		
Property Maintenance	500	500
Curve	1,424	1,424
Accommodation Strategy (CLABS)	1,442	1,442
City Centre Development Project (CCDP)	242	242
Digital Media Centre	1,570	1,570
Building Schools for the Future	2,200	2,200
Building Schools for the Future – TLE	500	0
LRC Schemes	1,109	1,109
Lewisher Road	160	160
Football Facilities	816	816
HRA		
Housing HRA – General	1,558	0
Spend to Save		
Resource Management Strategy	189	189
Hamilton Footbridge	81	81
Property Purchase	352	352
Vehicles in lieu of leasing	2,200	2,200
New Parks Library	80	80
Energy Saving Street Lighting	160	160
Saw Mill	32	32
Parks Plant & Equipment	500	1,007
Total Prudential Borrowing	14,615	13,564

- 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 over (this takes into account anticipated repayments):

General Fund	Cumulative Unsupported Borrowing £000	Gross Revenue Expenditure £000	Cumulative Unsupported Borrowing as % of GRE
2006/07 (actual)	19,572	746,743	2.6%
2007/08 (actual)	29,913	772,491	3.9%
2008/09 (actual)	53,417	779,889	6.9%
2009/10 (actual)	58,257	785,289	7.42%
Housing Revenue Account	Cumulative Unsupported Borrowing £000	Gross Revenue Expenditure £000	Cumulative Unsupported Borrowing as % of GRE
2006/07 (actual)	20,487	64,051	32.0%
2007/08 (actual)	20,121	65,017	30.9%
2008/09 (actual)	19,246	69,057	27.9%
2009/10 (actual)	18,372	72,634	25.3%

10 PRUDENTIAL INDICATORS

- 10.1 The latest forecast of performance in 2009/10 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 & OTHER IMPLICATIONS

- 12.1 The report is largely concerned with financial issues.
- 12.2 Legal Implications – Peter Nicholls, Director Of Legal Services, has confirmed that there are no additional legal implications to those included in the body of the report.
- 12.3 Climate Change Implications - This report does not contain any significant climate change implications and therefore should not have a detrimental effect on the Council's climate change targets.
Helen Lansdown, Senior Environmental Consultant - Sustainable Procurement

OTHER IMPLICATIONS	YES/NO	Paragraph referred
Equal Opportunities	No	
Policy	No	
Sustainable and Environmental	Yes	6.6 & 6.9
Crime and Disorder	No	
Human Rights Act	No	
Elderly/People on Low Income	No	

Corporate Parenting	No	
Health Inequalities Impact	No	

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 Date: 1st June 2010

Key Decision	No
Reason	N/A
Appeared in Forward Plan	N/A
Executive or Council Decision	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	% of Spend compared to Forecast
	£'000	£'000		£'000	£'000	£'000	£'000		£'000
Social Care & Safeguarding	5,716	732			(187)		126	671	92%
Access, Inclusion & Participation	798	2,342	7		(866)		711	2,194	94%
Learning Environment	33,083	36,180	232		(9,401)		1,325	28,336	78%
Learning Services	1,416	3,002	88		(729)		17	2,378	79%
Highways & Transportation	13,372	14,508	300		(333)	(90)	1,091	15,476	107%
Transport Department	2,200	2,031			(914)			1,117	55%
Culture Services	15,537	9,216			(1,079)	(170)		7,967	86%
Environmental Services	967	948	1,007		(18)		8	1,945	205%
Planning and Economic Development	2,225	2,569	2,068		(313)			4,324	168%
Personalisation and Business Support	172	51			(51)			0	0%
Safer and Stronger Communities	460	460	515		(66)			909	198%
Older People Services	309	109			(1)		1	109	100%
Community Care Services	180	80			(9)			71	89%
Housing Services	24,437	23,189	918		(2,148)		83	22,042	95%
Housing Strategy and Options	5,383	4,591		(182)	(30)			4,379	95%
Strategic Asset Management	5,598	4,871			(570)		41	4,342	89%
Information and Support	7	7							0%
Human Resources	10	10					6	16	160%
Financial Services	189	439					(251)	188	43%
Assurance and Democratic	128	128						128	100%
TOTAL	112,187	105,463	5,135	(182)	(16,715)	(260)	3,158	96,592	92%

2009/10

PRUDENTIAL INDICATORS

	Pd 9 Estimate	Latest Forecast
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AFFORDABILITY**Ratio of financing costs to net revenue stream**

Non - HRA	7.40%	6.93%
HRA	11.84%	10.48%

Level of "unsupported" borrowing for the General Fund

	£000	£000
Unsupported borrowing brought forward	46,898	46,898
New unsupported borrowing	18,556	17,556
Less unsupported borrowing repaid	<u>(6,197)</u>	<u>(6,197)</u>
Total unsupported borrowing carried forward	<u>59,257</u>	<u>58,257</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	19,246	19,246
New unsupported borrowing	1,558	0
Less unsupported borrowing repaid	<u>(874)</u>	<u>(874)</u>
Total unsupported borrowing carried forward	<u>19,930</u>	<u>18,372</u>

Estimated incremental impact on council tax & average weekly rents of 2009/10 capital investment decisions

	£	£
Band D council tax (£1,163.65)	0.00	0.00
HRA rent (£54.86)	0.01	0.02

PRUDENCE**Level of capital expenditure**

	£000	£000
General Fund	82,274	74,549
HRA	<u>23,189</u>	<u>22,042</u>
Total	<u>105,463</u>	<u>96,591</u>

Capital Financing Requirement

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

	£000	£000
Non HRA	289,161	286,909
HRA	211,194	212,143

General Fund Capital Financing Requirement split between unsupported and supported borrowing

	£000	£000
Supported Borrowing	228,652	228,652
Unsupported Borrowing	<u>59,257</u>	<u>58,257</u>
	<u>287,909</u>	<u>286,909</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

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

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 limits for the maturity structure of its borrowing

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

The upper limit for principal sums invested for more than 364 days is £90 million for 2009/10 and subsequent years.

Lower limits for the maturity structure of its borrowing

Less than 5 years	5
Over 5 years	60