

Leicester  
City Council

**Cabinet  
Scrutiny Committees**

**29 July 2002  
September 2002**

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## **2001/02 CAPITAL PROGRAMME MONITORING – OUTTURN**

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### **Report of the Chief Finance Officer**

#### **1 PURPOSE OF THE REPORT**

- 1.1 The purpose of this report is to show the provisional outturn of the capital programme for 2001/02.

#### **2. SUMMARY**

- 2.1 This is the final capital monitoring report for 2001/02, following the reports of the position as at the end of periods 5 (August) and 8 (November).
- 2.2 Improvements have been made to the management of the capital programme in 2001/02 as a consequence of a review of previous year's 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 includes assurance statements from directors about the position regarding their schemes.
- 2.3 Each Scrutiny Committee will receive a report in the September cycle of meetings, 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.
- 2.4 The originally approved capital programme for 2001/02 totalled £74.599 million. This was subsequently revised to £66.005 million at period 5, with a further revision to £64.363 million at period 8.
- 2.5 Additional funding of £1.699m gross (or £1.651m net of a £48,000 reduction in the housing programme) has been received since period 8, and further slippage of £3.153 million has occurred. The outturn position shows actual

expenditure incurred of £62.849 million, which is 97.6% of the outturn forecast at period 8, or 95% excluding additional funding since period 8.

2.6 The level of expenditure at the end of the year is as shown below:

<b>Period 8 Forecast Outturn:</b>	<b><u>£000s</u></b> <b>64,363</b>
Proposed additions	1,699
Proposed reduction in programme	(48)
Saving	(12)
Slippage	<u>( 3,153)</u>
<b>Provisional Outturn</b>	<b>62,849</b>

2.7 The target performance for outturn compared to period 8, agreed by Cabinet as part of the Financial Management Best Value Review was 90%. Therefore as the actual was 95%, the target has been exceeded.

2.8 Total slippage in 2001/02 was £14.428 million representing 19.3% of the originally approved programme. This can be compared to 34% for 2000/01, an improvement in performance of over 40%. There has been no overall loss of resources as a result of the slippage incurred.

2.9 The capital receipts target for 2001/02 has been met. £6.5 million has been realised compared to the target of £4.755 million, which represents a significant achievement. (It does not, however, represent an extra source of funding).

### **3 RECOMMENDATIONS**

3.1 Cabinet is recommended to:

- i) note the outturn for 2001/02 of £62.849 million, representing 97.6% of the period 8 forecast outturn;
- ii) note additional slippage of £3.153 million since period 8;
- iii) note additional funding of £1.699 million, made up of:
  - i. £70,000 for work at Enderby Quarry, funded by an additional SCA;
  - ii. £979,000 relating to infrastructure costs at Beaumont Leys Lane, funded by the private sector purchaser of associated land;
  - iii. £111,000 for UK Online Centres, funded by a Capital Grant;
  - iv. schemes funded by Central Government, as follows:
    - £355,000 for CCTV Crime Reduction;
    - £ 84,000 for Small Retailers in Deprived Areas;
    - £100,000 for St George's Public Realm improvements.

- iv) note the progress on specific schemes;
- v) note the achievement of the capital receipts target;
- vi) request a further report, identifying steps that can be taken to maintain and further improve recent progress on capital spending, specifically including proposals on:-
  - what target(s) are appropriate for slippage of the capital programme to further improve performance;
  - formalising the process for evaluating and reporting project outcomes;
  - improving the commissioning of projects and feasibility work;

Scrutiny Committees are asked to note the position and to make any comments they see fit to make.

#### **4. FINANCIAL and LEGAL IMPLICATIONS**

4.1 This report is concerned solely with financial issues.

#### **5. Report Authors/ Officers to contact:**

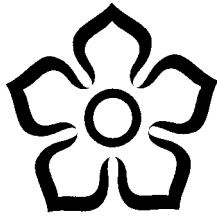
Nick Booth  
Financial Strategy

Gary Cox  
Accountancy

**MARK NOBLE**  
**CHIEF FINANCE OFFICER**

#### **DECISION STATUS**

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



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**2001/02 CAPITAL PROGRAMME MONITORING – OUTTURN**

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**SUPPORTING INFORMATION**

**1. INTRODUCTION**

- 1.1 The report is the final capital monitoring report for 2001/02, following reports of the position at the end of periods 5 (August) and 8 (November).

**2. POSITION AT THE END OF MARCH 2002.**

- 2.1 The overall financial position is shown in Appendix A.
- 2.2 The Outturn for 2001/02 is £62.849 million, compared to a forecast outturn at period 8 of £64.363 million.
- 2.3 The slippage and rephasing of £3.15 million since period 8 relates to the following areas, (figures in brackets show accelerated spending):-

	£000s
Arts & Leisure	(39)
Education	792
Environment	341
Property & Regeneration	333
Transport	(95)
Single Regeneration Budget	1,661
Social Services	65
Town Clerk's and Corporate Resources	<u>95</u>
	<b>3,153</b>

- 2.4 There has been total slippage, since the original programme was approved of £14.428 million, 19.3% of the originally agreed programme. This compares with 34% at the end of last year.

2.5 As part of the best value improvement plan for financial management, Cabinet set a target that final capital expenditure should be at least 90% of that predicted in period 8. For 2001/02, the outturn was 95% of that anticipated at the end of period 8 excluding additional approved schemes, which was well within the target.

2.6 Details of individual Departments are shown below:

### **2.6.1 Arts & Leisure**

Outturn is £1,194,000; this represents 102.3% of the revised programme at period 8 of £1,167,000. This reflects expenditure brought forward from the 2002/03 capital programme for the sports centre of £233,000, partly offset by slippage relating to the Cultural Quarter phase 1 and Welford Road Cemetery monument restoration (£25,000).

### **2.6.2 Education**

Outturn of £19,863,000, which is 96.7% of the period 8 forecast outturn. This figure includes £111,000 additional funding received as a Capital Grant in respect of UK Online Centres. The slippage includes £368,000 for Devolved Formula Funding (which is in the hands of schools), £227,000 for City Learning Centres, £122,000 for the Schools Access Initiative and £132,000 for Space for Sports and Arts.

### **2.6.3 E & D - Environment Schemes**

Outturn is £921,000, which is 77.3% of the period 8 forecast outturn of £1,192,000. The main items of slippage are Local Environmental Works (£51,000); New Walk Lottery Contribution (£50,000); and air pollution dispersion modelling (£35,000).

### **2.6.4 E & D - Property & Regeneration**

Outturn is £1,818,000. This is 155.1% of the forecast outturn. Excluding an additional scheme funded entirely by a private developer after period 8, however, expenditure is £839,000, which is 71.6% of the period 8 forecast outturn. The main reason for this is slippage of £182,000 on the Victoria Road East Extension, which depends on full agreement between the City Council and the other three local landowners. It is envisaged that construction of the road will commence in autumn 2002. There is further slippage included in the above figure of £81,000 which has been caused by factors outside the Council's control involving 3<sup>rd</sup> parties.

### **2.6.5 E & D - Transport**

Outturn for 2001/02 is £8,625,000, which is 101.1% of the outturn forecast at period 8.

### **2.6.6 E & D - Regeneration Schemes**

Further slippage of £1,629,000 has occurred since period 8. Outturn is £3,901,000, 70.5% of the forecast outturn. Part of this slippage relates to income of £95,000 from the disposal of Bedford Street North and £232,000 from the repayment of grant for the demolition of St Margarets Baths which have been allowed to be reinvested in the SRB2 programme (which has itself been extended for a year by government office). £718,000 of the slippage was identified following a review of the Sure Start programme.

#### **2.6.7 E & D - Additional Schemes**

Additional funding of £539,000 has been received in respect of three schemes, funded by grants from Central Government.

#### **2.6.8 Housing**

Outturn of £24,590,000 has been achieved, 99.8% of the forecast outturn of £24,638,000. This reduction of £48,000 corresponds to an equivalent reduction in earmarked Housing capital resources at outturn compared to that forecast at period 8.

#### **2.6.9 Social Services**

Expenditure of £659,000 has occurred, compared to a forecast outturn at period 8 of £724,000 – this means 91.0% of the forecast outturn was achieved. The main items of slippage are related to the CareFirst computer system (£25,000) and work at childrens' homes (£31,000).

#### **2.6.10 Town Clerk's**

89.0% of the forecast outturn was achieved, with outturn totalling £771,000 compared to forecast of £866,000. The largest component of the slippage relates to £53,000 of urgent lift repairs and water hygiene works which are complete and are due to be invoiced shortly.

### **3 ADDITIONAL FUNDING**

3.1 The following changes to the capital programme are noted:

3.2 £111,000 for expenditure for UK Online Centres, funded by a Capital Grant.

3.3 £70,000 for work at Enderby Quarry, funded by an additional SCA.

3.4 £979,000 for infrastructure work at Beaumont Leys Lane, funded by a third party purchase of associated land.

3.5 Funding from Central Government for CCTV Crime Reduction scheme (£355,000); Small Retailers in Deprived Areas (£84,000); and St George's Public Realm Improvements (£100,000).

### **4 CAPITAL RECEIPTS**

4.1 The total corporate capital receipts raised in 2001/02 is £6.5 million compared to the target of £4.755 million. This represents a considerable achievement. It is noted however that targets are not set on an annual basis, and there is still a considerable way to go fund the approved 99/00 to 01/02 capital programme. The overachievement will be deducted from the “overhanging” receipts requirement of : -

- a) £3m from operational receipts in 02/03.
- b) £1.6m to “repay” EMDA’s “loan” to finance the relocation of Abbey Meadows Depot.

4.2 The receipts targets remain challenging, especially as they are combined with a requirement to achieve £10m to fund the 02/03 to 04/05 programme.

## 5 FURTHER IMPROVEMENTS

5.1 This report identifies pleasing improvements to our capital programme delivery with reduced slippage – the changes made last year now appear to be bearing fruit. However, there is still too much slippage, and we need to make further improvements.

5.2 Cabinet is requested to commission further work, in particular: -

- a. To determine an appropriate future target for slippage, with reference to best practice elsewhere;
- b. To seek to improve commissioning / estimating which is where we believe some of the weaknesses lie.
- c. As part of the previous capital strategy, we committed ourselves to developing processes for monitoring scheme outcomes. A further report is requested to be commissioned by Cabinet on this issue.

## 6 CONSULTATION

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

## 7 FINANCIAL, LEGAL and OTHER IMPLICATIONS

7.1 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	

Elderly People on Low Income	No	-
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## **8 BACKGROUND PAPERS – LOCAL GOVERNMENT ACT 1972**

Capital Programme Monitoring Reports – Cabinet 19 November 2001 and 25 February 2002

Capital Programme Monitoring Reports - Finance, Resources and Equal Opportunities Scrutiny Committee 22 November 2001 and 28 February 2002; Scrutiny Committees November 2001 and February 2002

## **9 OFFICER TO CONTACT**

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Gary Cox Accountancy Ext 7432





**2001/02 CAPITAL PROGRAMME**

**APPENDIX A**

<b>Department</b>	<b>Forecast Outturn at Period 8</b>	<b>Additional Funding since period 8</b>	<b>(Savings) / Overspends since period 8</b>	<b>Additional Slippage since period 8</b>	<b>Final Outturn</b>	<b>Final Outturn as % of period 8 forecast</b>
<b>Arts &amp; Leisure</b>	1167		-12	39	1194	102.3%
<b>Education</b>	20544	111		-792	19863	96.7%
<b>Environment &amp; Development</b>						
Environment	1192	70		-341	921	77.3%
Property & Regeneration	1172	979		-333	1818	155.1%
Transport	8530			95	8625	101.1%
Single Regeneration Budget	5530	539		-1661	4408	79.7%
<b>Housing</b>	24638	-48		0	24590	99.8%
<b>Social Services</b>	724			-65	659	91.0%
<b>Town Clerks &amp; Corporate Resources</b>	866			-95	771	89.0%
<b>TOTAL</b>	<b>64,363</b>	<b>1,651</b>	<b>(12)</b>	<b>(3,153)</b>	<b>62,849</b>	