



Leicester  
City Council

**PERFORMANCE & VFM SELECT COMMITTEE  
CABINET**

**3<sup>rd</sup> November 2010  
8<sup>th</sup> November 2010**

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**2010/11 CAPITAL PROGRAMME MONITORING – PERIOD 4**

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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 position of the capital programme for 2010/11 at the end of Period 4. This is the first report of the financial year and further reports will be presented to Cabinet and the Performance and Value for Money during the year.

**2 SUMMARY**

- 2.1 The actual level of expenditure at the end of period 4 totalled £18.189m. This represents 17% of the revised capital programme for 2010/11 of £109m. The typical profile of capital spend over the financial year is not evenly spread and in the first few months is often low. Low spend this year is particularly unsurprising, given the spending moratorium in early summer. Some programmes have also been affected by government funding cutbacks.
- 2.2 Capital Receipts. We are on course to meet the relatively modest capital receipts targets set for 2010/11.

**3 RECOMMENDATIONS**

- 3.1 Cabinet is recommended to:

- i) approve a revised level of programmed expenditure of £109m;
- ii) note the level of expenditure of £18.2m @ period 4;
- iii) note the current level of spend (17%) of the programme;
- iv) note the level of slippage (£6.7m) that has occurred @ period 4;
- v) note that capital receipts targets are on course to be achieved.

- 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 Childrens and Young People's Services 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 2010/11 and also considers the extent to which the Council has achieved its programme of asset sales, which help fund the programme.

## 5 POSITION AT PERIOD 4

5.1 The overall financial position for each division is summarised in the table below (with further detail set out in Appendix A):

<b>Division</b>	<b>Revised 10/11 Prog. £'000</b>	<b>Spend @ P4 £'000</b>	<b>% Spend @ P4</b>	<b>Para. Ref.</b>
Social Care & Safeguarding	1,519	1,053	69%	6.2
Access, Inclusion & Participation	7,818	1,599	20%	6.3
Learning Environment	26,643	2,302	9%	6.4
Learning Services	2,158	118	5%	6.5
Highways & Transportation	11,536	3,601	31%	6.6
Transport Department	1,600	1,290	81%	6.7
Cultural Services	11,513	2,199	19%	6.8
Environmental Services	1,591	45	3%	6.9
Planning & Economic Development	3,387	921	27%	6.10
Safer & Stronger Communities	142	6	4%	6.12
Adult Care	571	0	0%	6.11
Housing Services	21,023	3,572	17%	6.13/6.14
Housing Strategy & Options	18,119	1,074	6%	6.13/6.14
Strategic Asset Management	1,370	409	30%	6.15
Human Resources	10	0	0%	6.16
<b>Total</b>	<b>109,000</b>	<b>18,189</b>	<b>17%</b>	

5.2 The main areas of spend at period 4 include that on Council House improvements, Football Foundation facilities, Integrated Transport, New Primary Places and BSF. The main areas of slippage declared are in relation to Housing New Build, Spinney Hill Park Restoration and Rushey Mead BSF.

## **6 ISSUES ON SPECIFIC SCHEMES**

6.1 The majority of schemes are progressing as expected at this early stage of the year, and this report has been prepared on an exception basis highlighting areas of significant slippage or concern.

### **6.2 Access, Inclusion and Participation Division**

#### **6.2.1 Youth Projects (Full year forecast - £2.8m, spend to p4 £0.4m.)**

There are a number of smaller projects within the Youth Capital Fund Grant portfolio, but the major project is My Place with a total scheme value of £6.5m. At present capital spend on My Place has been put on hold, pending a decision on the future shape of the project. A report will be brought to Cabinet as soon as discussions have been concluded with funders.

### **6.3 Learning Environment (approved programme £27.5m)**

6.3.1 Uncertainty on the funds available for the BSF Programme has affected the start dates of some BSF projects. There have also been local factors affecting the spend profile on some other projects.

- **Integrated Service Hubs (ISH Non BSF) :**

Full year forecast - £1.1m, spend to p4 £7K.

Priorities are being reassessed following government funding reductions, and will be the subject of a further report to Cabinet shortly.

- **Building Schools for the Future (BSF) :**

Overall the forecast outturn on BSF schemes is £7.1m, compared with the programme of £8.6m, a reduction of £1.5m. This is the effect of slippage on Rushey Mead (financial close is now expected in November). Progress on BSF has been significantly affected by delays in receiving Government approvals.

### **6.4 Cultural Services (approved programme of £11.8m)**

6.4.1 **Central Libraries Consolidation** - The project will relocate both city centre libraries at the Bishop Street site with the new library being called 'Leicester Central Library'. The budget for the project is £500,000 and works will include a refurbished foyer, redecoration, lighting improvements, new shelving and guiding to provide increased space for books, services and facilities on the two public floors. A decision on the planning application is expected in the next six weeks. Works will not commence until January 2011, hence there will be a delay in completion and therefore, slippage of £300k into 2011/12.

6.4.2 **City Gallery** – Work on this scheme is presently on hold pending a review. A report will be brought to Cabinet in due course.

### **6.5 Environmental Services (approved programme of £3.134m)**

6.5.1 **Spinney Hill Park Restoration Project** - Finalising the project specification with the Heritage Lottery fund (HLF) took longer than anticipated and this means that the new completion date is expected to be October 2011 resulting in slippage of £1.5 million.

The tender process for a main contractor to carry out the capital works is now complete and a contractor appointed. It is anticipated that work on site will commence in October 2010, following the Eid celebrations on the Park.

## **6.6 Planning and Economic Development (Approved programme of £3.84m)**

6.6.1 **Growth Fund Schemes** – The only expenditure on Growth Fund (GF) Schemes at 31<sup>st</sup> July 2010 was £47k for the CHP & District Heating Scheme. National uncertainty around the likely allocations of Growth Fund monies to local authorities by the Government has affected the progress of GF schemes. The expected 2010/11 Growth Fund allocation has recently been confirmed by the DCLG. The main schemes issue is:

- **Rally Park and Abbey Meadows Strategic Greening Infrastructure (SGI)** – This scheme is to improve two open spaces at Rally Park and Abbey Meadows adjacent to the River Soar. These projects will bring major benefits to existing and new residents in the Fosse and Abbey Ward areas through improvements to the environment and wildlife, better public access to green open space and reductions in anti-social behaviour. The schemes are also intended to encourage new housing development in the adjoining regeneration areas. Both projects are due on site in January 2011, with completion in December 2011 resulting in slippage of £450,000 into 2011/12.

## **6.7 Adult Care Division (approved programme of £571k)**

6.7.1 There has been no spend against the approved programme as of yet. This is due in the main to not receiving sufficient bids of the required quality for the mental health grant and holding back Adult Social Care IT infrastructure money to contribute to the overall procurement of the Carefirst System.

6.7.2 Further cabinet approval for the release of £3.3m of capital funding is also required for Intermediate Care. A report will be presented to Cabinet in the near future.

## **6.8 Safer & Stronger Communities Division (approved programme of £142k)**

6.8.1 The division has now received confirmation of funding of £262k from EMDA for Leicester Multi Access Centres (MAC). This will be spent on refurbishment, building alterations, broadband network infrastructure and equipment at the Northfields, Braunstone Oak, St Matthews, Eyres Monsell and New Parks Community Centres and at the City MAC.

## **6.9 Housing Services /Housing Strategy & Options (original approved programme of £41.158m)**

6.9.1 Expenditure at the end of period 4 was £4.62m against a revised programme, which, including slippage brought forward from 2009-10 and less over programming, amounts to £42.386m.

6.9.2 Forecast spend for the year is £38.962m. Slippage of £3.424m is made up of :

- New Build Challenge Fund - £1.577m – only 75% of Phase 2 is likely to be completed in 2010-11.
- Exchange Redevelopment - £649k – a planning application was registered in August and it is anticipated work will start on site April 2011.

- Rewiring - £500k – originally there were 3 contractors but 2 have subsequently withdrawn and a new tender document needs to be drawn up.
- Cavity Wall Insulations £190k – work will not commence until January due to availability of resources.

6.9.3 Some budget reductions/underspends will occur as follows;

- Decent Homes Loan £500k – officers are currently considering whether the scheme represents value for money.
- Flat Roofs Over Shops £200k – level of work to be carried out not as high as originally expected – only £100k spend anticipated.

## **6.10 Strategic Asset Management (approved programme of £1.370m)**

### **6.10.1 CLAB's**

In the light of the structural report on New Walk Centre two strands of work have been progressing within the Accommodation Strategy. Firstly an options appraisal looking at alternatives for future office provision, whether a refurbishment and strengthening of NWC or relocation to new build or existing space elsewhere, and, secondly, works and moves vacating the 'no imposed load' zones within the building itself. The options appraisal is due to be complete in October, after which decisions will be taken about the direction of travel (including the relocation of the Customer Services Centre in the former Post Office building).

## **7 CAPITAL RECEIPTS**

- 7.1 The target for non-earmarked, non-housing capital receipts in 2010-11 is £500k. This is a deliberately modest figure due to the continuing stagnation in the property market. Receipts to date are in line with the target.
- 7.2 The target for Housing usable capital receipts to help fund the Housing Programme is £870k. Sales are on course to meet this target.

## **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 3<sup>rd</sup> party involvement.
- 8.2 At this early stage of monitoring the forecast equals 93.4% of programme.

## **9 PRUDENTIAL BORROWING**

- 9.1 Details of schemes to be funded by prudential borrowing and the forecast level of expenditure for 2010/11 are shown below:

<b>Approved Prudential Borrowing</b>	<b>2010/11 Pd 4 Estimate £000</b>
<b>Corporately Funded</b>	
Accommodation Strategy (CLABs)	1,000
Phoenix Square (provisional - retentions)	100
Curve (provisional - retentions)	200
Football Facilities	1,600
<b>HRA</b>	
New Build	6,756
General	612
<b>Spend to Save</b>	
Vehicles in lieu of leasing	1,600
Parks – Plant and Equipment	50
Future Spend to Save – contingency	500
<b>Total Prudential Borrowing</b>	<b>12,418</b>

9.3 Prudential borrowing for new build housing will be funded by additional income.

9.4 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)	29,913	772,491	3.9%
2008/09 (actual)	53,417	779,889	6.9%
2009/10 (actual)	58,257	785,289	7.42%
2010/11 (budget)	66,043	746,066	8.85%
<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)	19,246	69,057	27.9%
2009/10 (actual)	18,372	72,634	25.3%
2010/11 (budget)	28,988	83,240	34.8%

## 10 CONSULTATION

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

## 11 FINANCIAL AND LEGAL & OTHER IMPLICATIONS

11.1 The report is largely concerned with financial issues.

11.2 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.

- 11.3 Climate Change Implications - Whilst this report, in itself, does not contain any significant climate change implications some of the projects contained within the report have the potential to have a positive or negative impact on the Council's ability to meet climate change targets. Helen Lansdown, Senior Environmental Consultant - Sustainable Procurement

<b>OTHER IMPLICATIONS</b>	<b>YES/NO</b>	<b>Paragraph referred</b>
Equal Opportunities	No	
Policy	No	
Sustainable and Environmental	Yes	6.6
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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<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)

## 2010/11 CAPITAL PROGRAMME

## APPENDIX A

Division	Approved Programme	Additions	Budget Transfers/ (Reduction)	(Slippage)	Overspend/ Payments Brought Forward	Revised Programme - Forecast spend	Payments to end of Period 4	% of Spend compared to Forecast
	£'000					£'000	£'000	£'000
Social Care & Safeguarding	1,519					1,519	1,053	69%
Access, Inclusion & Participation	8,124		(306)			7,818	1,599	20%
Learning Environment	27,496			(1,488)	635	26,643	2,302	9%
Learning Services	2,701		(543)			2,158	118	5%
Highways & Transportation	11,536					11,536	3,601	31%
Transport Department	1,600					1,600	1,290	81%
Culture Services	11,813			(300)		11,513	2,199	19%
Environmental Services	3,134	50	(50)	(1,543)		1,591	45	3%
Planning and Economic Development	3,837			(450)		3,387	921	27%
Safer and Stronger Communities	142					142	6	4%
Adult Care	571					571	0	0%
Housing Services	22,512	100	(250)	(1,339)		21,023	3,572	17%
Housing Strategy and Options	20,054	142	(500)	(1,577)		18,119	1,074	6%
Strategic Asset Management	1,370					1,370	409	30%
Human Resources	10					10	0	0%
<b>TOTAL</b>	<b>116,419</b>	<b>292</b>	<b>(1,649)</b>	<b>(6,697)</b>	<b>635</b>	<b>109,000</b>	<b>18,189</b>	<b>17%</b>