

Leicester
City Council

**CABINET
ALL SCRUTINY COMMITTEE MEETINGS**

**10 FEBRUARY 2003
various**

CAPITAL BUDGET MONITORING 2002/2003 – PERIOD 8

REPORT OF THE CHIEF FINANCE OFFICER

1. PURPOSE OF REPORT

- 1.1 The purpose of this report is to update members on the progress of the Capital Programme for 2002/03 up to the end of November 2002.

2. SUMMARY

- 2.1 As part of the routine cycle of financial monitoring, capital reports are received by Cabinet and Scrutiny Committees on 3 occasions each year:-

- a) at the end of period 5;
- b) at the end of period 8 (this report)
- c) after the end of the financial year.

- 2.2 This cover report is being considered by the Cabinet and all Scrutiny committees. Scrutiny committees are receiving a detailed appendix in respect of their area of responsibility, and the Cabinet and Finance, Resources and Equal Opportunities Scrutiny committee are receiving a detailed appendix describing the full corporate position.

- 2.3 An original programme of £75.0m was approved for the Council as a whole. The current projected forecast spending is £65.9m. After 8 months £30.6m had been spent.

3. RECOMMENDATIONS TO CABINET

- 3.1 The Cabinet is recommended to:

- 1) Note the projected outturn or 2002/03 of £65.937;
- 2) Note spend at Period 8 of £30.653 million, representing 46.5% of the revised forecast outturn for 2002/03. This can be compared to 50% after the same period in 2001/02.

- 3) Approve a projected overspend of £78,000 in respect of repairs to the Canal Street bridge, to be funded by savings of £19,000 elsewhere in the capital programme, and a transfer of resources from the Highways Maintenance scheme to cover the remaining £59,000 overspend.;
 - 4) note additional funding of:
 - i) £16,000 in respect of contaminated land investigations at Thurmaston Boulevard;
 - ii) a grant of £21,788 towards vehicle emissions roadside testing;
 - iii) £19,406 for St George' Public Realm improvements
 - iv) £100,000 to tackle Small Retail Crime in Deprived Areas;
 - 5) note the progress on specific schemes.
- 3.2 Scrutiny Committees are asked to consider the information pertinent to their terms of reference, and make any observations to the cabinet as they see fit.
- 3.3 The Finance, Resources and Equal Opportunities Scrutiny Committee is asked to consider the overall position for the whole Council and make any observations it sees fit.

4. FINANCIAL AND LEGAL IMPLICATIONS

- 4.1 This report is concerned solely with financial issues.

5. OTHER IMPLICATIONS

Other implications	Yes/No	Paragraph referred
Equal Opportunities	No	-
Policy	No	-
Sustainable and Environmental	No	-
Crime and Disorder	No	-
Human Rights Act	No	-
Elderly/People on Low Income	No	-

6. CONSULTATIONS

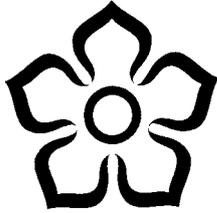
All Departments have been consulted in the preparation of this report.

BACKGROUND PAPERS

None.

Author: Gary Cox – Ext 7432
Accountancy

MARK NOBLE
CHIEF FINANCE OFFICER



Leicester
City Council

Cabinet
Finance, Resources and Equal
Opportunities Scrutiny Committee

10 February 2003

19 February 2003

2002/03 CAPITAL PROGRAMME MONITORING – PERIOD 8

Report of the Chief Finance Officer

SUPPORTING INFORMATION

1 CAPITAL MONITORING

- 1.1 This report is the second of three reports for 2002/03, and will be followed by a report for the outturn.
- 1.2 To improve the monitoring process first implemented in 2001/02, Departmental Management Teams are provided with regular reports, and are asked to use these to review:
- quarterly cashflow projections;
 - a set of relevant milestones for each scheme;
 - a statement of risks, where relevant.
- 1.3 Nearly all Departments now regularly produce milestones for their capital schemes. Further action is being undertaken to improve the accuracy of these milestones and associated cashflow projections through an inter-departmental capital monitoring group.

2 OVERALL POSITION AT THE END OF NOVEMBER 2002 (PERIOD 8)

- 2.1 The overall financial position is shown in Appendix A.
- 2.2 At the end of period 8, the estimated outturn is £65.937 million. Spend of £30.653m has been achieved, representing 46.5% of the forecast 2002/03 outturn. This compares to 50.0% at the same time last year. The nature of capital expenditure is such that expenditure tends to be weighted towards the latter part of the financial year. However, the present level of spend is low.
- 2.3 Total slippage for the year of £18.103 million is currently estimated, representing 24.1% of the originally approved 2002/03 programme. This compares to 18.0% predicted this time last year. However, whilst the amount of slippage in 2002/03 has increased on the previous year, this may be due to better forecasting now being done by some departments. Of this slippage,

£5.344 million is in respect of schemes where third parties have direct influence on when the expenditure will be incurred.

3 PROGRESS ON SPECIFIC SCHEMES

3.1 Schemes dependant on third parties: i.e. where agreement has to be reached with third parties for the scheme to progress, or where third parties have significant influence in respect of when expenditure is incurred

3.1.1 Places of Worship (£1.308m)

Ongoing delays in reaching agreement with the religious groups involved in this scheme has resulted in slippage of £1.2 million being forecast at this stage. Negotiations are now complete, and it is hoped that contracts will be signed shortly, which will enable the infrastructure works to commence.

3.1.2 Victoria Road East Extension (£1.652m) & Lewisher Road Link (£0.3 m). Delays in reaching agreement concerning terms, and with the amounts of contributions from third parties, are now complete, and it is hoped that formal agreements will shortly be signed to enable the works to commence in May 2003. However, total slippage of £1.552 million has been forecast for these schemes in 2002/03.

3.1.3 SRB Schemes

Slippage of £992,000 has been forecast at period 8. This relates to £120,000 for SRB4(Belgrave), £400,000 for SRB6(Belgrave Heartlands), and £441,000 for SRB4(Greater Humberstone), all due to delays in approvals to new projects by EMDA and Partnership Boards; and £31,000 for SureStart due to Core Buildings Scheme retentions.

3.1.4 Bursom sub-station (£1.4m)

Agreement has been reached with East Midlands Electricity to enable stage-payments to be made for the installation of a substation at Bursom. However, delays in land sales have occurred. As a result, slippage of £1.1 million has been forecast and a further £0.3 million slippage is likely if there is a delay in commissioning the works from EME.

3.1.5 Highfields Youth & Community Centre

Work is ongoing in respect of this scheme. Contractors are on-site, and some demolition work has already occurred, prior to rebuilding. Work is due to be completed by May 2004. Spend of £920,000 is forecast for 2002/03, and no slippage is forecast.

3.2 Other Major Schemes in the 2002/03 Capital Programme:

3.2.1 Braunstone Leisure Centre (£1.223 million)

This project continues to meet its deadline. Work is expected to commence on site in April 2003, with completion in October 2003. Expenditure totalling £795,000 has been re-phased to 2003/04, to reflect the adoption of a "develop and construct" two stage process, which has delayed expenditure until the next financial year. Initial costings are in line with budget.

3.2.2 Cultural Quarter (£2.763 million)

A number of projects within this overall scheme are now taking shape. In respect of the Cultural Heartland Incubator Centre (CHIC), final written agreement from the other funders is expected shortly. The design and

development work for the Performing Arts Centre is progressing well. Total re-phasing of £1.277 million into 2003/04 has occurred to reflect more accurate forecasting of the various elements of this scheme. The Cultural Quarter is the most significant project in the Capital Programme and involves an innovative concept together with a complex funding package. Close monitoring will therefore be essential as the project develops.

3.2.3 Abbey Meadows Depot relocation

Health and Safety issues have delayed completion of Phase 2 of this scheme, and technical issues relating to the building foundation construction has delayed phase 4. Slippage of £1.145 million has been forecast at period 8 in respect of these delays.

3.2.4 Integrated Transport Programme

To enable full spend to be achieved in 2002/03, the programme of works has been overcommitted, and an overspend of £665,000 is forecast, with works brought forward from 2003/04. This is manageable within the overall 3-year programme.

3.2.5 Relocation of Registration Office & Town Hall Programme (£0.828 million)

Due to the work on these schemes being so closely linked, these two schemes have been amalgamated for reporting purposes. Most of the expenditure is anticipated to be incurred towards the end of 2003/04, with a forecast outturn for 2002/03 of £120,000. A further report is due to be taken to Cabinet shortly for approval of the detailed design.

3.3 Other Departments:

3.3.1 Social Care & Health

Savings in the capital programme of £182,000 have been identified. These will be transferred to support the Department's revenue budget. Further funds of at least £68,000, previously identified as slippage, are also likely to be transferred.

3.3.2 Education & Lifelong Learning

Further slippage of £942,000 has been forecast at period 8. This mainly relates to Space for Sports and Arts, where work at Sparkenhoe has been redesigned, leading to a delay in work starting and subsequent slippage of £390,000; and £340,000 relating to a re-profiling of payments for work at Fullhurst Community College.

4 SCHEMES CONTROLLED BY SCHOOLS

4.1 There are two schemes within Education where the Department has little control as to when expenditure is incurred. The schemes for the Devolved Formula Grant and Seed Challenge Grant are both under the control of a number of individual schools who make the decisions as to when to request the release of funding from the Education Department. Slippage of £500,000 has been forecast.

5 CAPITAL RECEIPTS

5.1 The corporate capital receipts target for 2002/03 is £6.45 million. To date, £1.7 million has been received, and a further £0.7 million is due to be completed shortly, making a total of £2.4 million.

- 5.2 It is currently anticipated that additional receipts of £2 million gross, or £1.5 million after ring-fencing, will be received in 2002/03, making a total of £3.9 million.
- 5.3 This leaves a shortfall of £2.55m, which is due to an anticipated delay in the sale of a specific piece of land. However, this anticipated shortfall in the receipts target for 2002/03 can be managed as long as the shortfall is made up next year.