



**Cabinet  
Scrutiny Committees**

**4 August 2003  
August / September 2003**

---

**2002/03 CAPITAL PROGRAMME MONITORING – OUTTURN**

---

**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 2002/03.

**2. SUMMARY**

- 2.1 Capital expenditure is expenditure on major construction and improvement projects, and is planned over a three-year timeframe. The current capital programme lasts from 2002/03 to 2004/05.
- 2.2 This is the final capital monitoring report for 2002/03, following the reports of the position as at the end of periods 5(August) and 8(November).
- 2.3 Each Scrutiny Committee will receive a report in the August or 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 the 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 2002/03 totalled £75.022million. This was subsequently revised to £69.858 million at period 5, with further revisions to the programme resulting in a forecast outturn at period 8 of £65.937 million.
- 2.5 Additional funding of £2.637 million has been received since period 8, the majority of which relates to a Housing scheme to provide CCTV. The outturn position shows actual expenditure incurred of £63.149 million, which

is 95.8% of the outturn forecast at period 8, or 91.8% excluding the additional funding referred to above

2.6 The Council's target performance for outturn compared to period 8, agreed as part of the Financial Management Best Value Review was 90%. Therefore the target has been exceeded.

2.7 Capital expenditure is partly funded from the sale of land and buildings (capital receipts). The capital receipts target for 2002/03 has not been met. £3.186 million has been realised compared to the target of £6.5 million. This does not matter provided the target for the three years is achieved and sufficient progress is made in 2003/04. It does, however, put pressure on the receipts required in the current year.

### **3 RECOMMENDATIONS**

3.1 Cabinet is recommended to:

- i) note the outturn for 2002/03 of £63.149 million, representing 95.8% of the period 8 forecast outturn;
- ii) note additional slippage of £5.228 million since period 8;
- iii) note additional funding reported of £2.637 million;
- iv) note the progress on specific schemes;
- v) note the level of achievement of capital receipts;
- vi) approve an addition to the capital programme of £20,000 per year for funding consultants;
- vii) approve the deletion of the present reserve programme, £1.3 million to take effect immediately, and potentially the final £0.5 million at the end of 2003/04.
- viii) note the current position on the Payback fund.

3.2 Scrutiny committees are asked to consider issues affecting their portfolio 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 and recommendations to Cabinet that it sees fit.

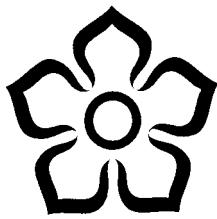
### **4. FINANCIAL and LEGAL IMPLICATIONS**

4.1 This report is concerned solely with financial issues.

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

**Nicola Harlow / Gary Cox**  
Accountancy (ext. 7432)

**MARK NOBLE**  
**CHIEF FINANCIAL OFFICER**



Leicester  
City Council

Cabinet  
Scrutiny Committees

4 August 2003  
August / September 2003

---

**2002/03 CAPITAL PROGRAMME MONITORING – OUTTURN**

---

**Report of the Chief Financial Officer**

**SUPPORTING INFORMATION**

**1. CAPITAL MONITORING TIMETABLE**

1.1 The report is the final capital monitoring report for 2002/03, following reports of the position at the end of period 5 and 8.

**2. POSITION AT THE END OF MARCH 2003.**

2.1 The overall financial position is shown in Appendix A.

2.2 The Outturn for 2002/03 is £63.149 million, compared to a forecast outturn at period 8 of £65.937 million.

2.3 There has been total slippage since the original programme was approved of £23.331 million. This compares with £14.445 million in 2001/02.

2.4 £6.394 million of the total slippage has arisen on schemes with significant third party elements e.g. where we are dependent on third party contributions or agreements before work commences, or where work is carried out at the request of individual schools.

**3. ANALYSIS OF INDIVIDUAL DEPARTMENTS' PERFORMANCE.**

**3.1 Cultural Services & Neighbourhood Renewal**

Outturn is £1.640 million; this represents 73.2% of the revised programme at period 8 of £2.240 million. The main element of the £600,000 slippage relates to the Performing Arts Centre (£527k).

**3.2 Education & Lifelong Learning**

Outturn is £10.432 million, which is 87.5% of the period 8 forecast outturn. Most of the slippage since period 8 relates to the Secondary Review (£805k) and Space for Sports & Arts (£654k).

### **3.3 E,R&D – Environment & Regeneration Schemes**

Outturn is £2.905 million, which is 62.4% of the period 8 forecast outturn, with slippage of £1.749 million since period 8. The main item of slippage since period 8 relates to the Abbey Meadows depot relocation scheme (£1.109 million).

### **3.4 E,R&D - Transport**

Outturn for 2002/03 is £13.261million, which is 97.3% of the outturn forecast at period 8. Further slippage of £363,000 has occurred, the main components of this being the Real Time Information scheme (£176k), and various elements of the Integrated Transport programme e.g. measures to help travel by foot and Local Transport Plan monitoring. In addition, of the £100k allocated from corporate resources for Highways Maintenance in 2002/03, only £59,000 has been spent, and this has been used to fund an overspend on Canal Street bridge.

### **3.5 E,R&D - SRB Schemes**

Further slippage of £347,000 has occurred since period 8, with £88k for SRB6 Greater Humberstone, £93k for Sure Start, £105k for SRB5 Leicester North West, and £94k for SRB6 Belgrave. Outturn is 91.3% of that forecast at period 8.

### **3.6 E,R & D - Additional Schemes**

These schemes – CCTV Crime Reduction Round 2, St. George's Public Realm Improvements and Small Retailers Crime Reduction Initiative – have achieved 101.3% spend compared to period 8 forecast.

### **3.7 Housing**

Outturn of £28.367 million has been achieved, 109.4% of the period 8 forecast outturn of £25.935 million. However, the final outturn includes £2.219 million of expenditure that was not included in the period 8 forecast outturn figure, due to additional approvals.

### **3.8 Social Care & Health**

Expenditure of £0.716 million has occurred, compared to a forecast outturn at period 8 of £0.775 million (92.3%). Minor works of £254,000 have been capitalised. Additional funding of £100,000 has been received in respect of government grants for intermediate care at Brookside and Butterwick.

### **3.9 Resources, Access & Diversity**

70.0% of the forecast outturn was achieved, with outturn totalling £1.498 million compared to forecast of £2.129 million. The largest components of the slippage since period 8 of £866k relate to the Victoria Road East Extension (£249k), Lewisher Road Link (£150k) and the Town Hall works (£90k).

#### **4. CAPITAL RECEIPTS.**

- 4.1 The total corporate capital receipts target for 2002/03 was £6.5 million. The final figure for capital receipts, net of ring-fencing, for 2002/03 is £3.2 million. This compares to an estimated figure at period 8 of £3.9 million.
- 4.2 This leaves a shortfall of £3.3 million, which is due to slippage in specific major disposals. This anticipated shortfall in the receipts target will not cause any difficulties for financing capital expenditure in 2002/03. However, the resulting target for 2003/04 for capital receipts, including the shortfall for 2002/03, will be particularly difficult.

#### **5. OTHER ISSUES - EXTERNAL FUNDING CONSULTANTS**

- 5.1 It is recommended that £20,000 per year is “top sliced” from the “corporate” capital programme to fund the cost of procuring external expertise in relation to external funding opportunities. £10,000 will be required in 2003/04.
- 5.2 Over recent years there has been a significant increase in the amount of external funding streams that are accessible. In many cases such bidding regimes offer the only opportunity to develop capital projects, particularly major projects.
- 5.3 During the past several years the Council’s capital programme has become ever more stretched. Pressure has been caused because of the need to continue to support more mainstream capital spending in services, whilst seeking to deliver major projects.
- 5.4 Leicester has a good record of bidding for regeneration funding. For example, from 1996 up to 2007 Leicester will have received over £41m of SRB funding as well as European Regional Development Funding of £20m. Major initiatives, such as City Challenge, have brought significant amounts of investment into the City. The Council has expertise in bidding for such funds, which will assist us in the future when entering such bids. However, regeneration type funding is but one source of funding. The overall position for external funding is fluid and the interaction between different funding streams is complex. Another challenge is responding effectively to unexpected bidding opportunities or meeting short timescales expected.
- 5.5 It is recommended that the Council seeks to enter a partnership agreement, through competitive tender, for the provision of expertise and advice on external funding opportunities.
- 5.6 It is suggested that the main core tasks that would be included under the arrangement would be:-
- Occasional stocktake of funding opportunities for Leicester, based on Capital needs.

- Assisting the Council in keeping our external Grants Manual up to date;
  - Advising the Council generally on external developments;
  - Providing a view on bids made for future capital programme funding, to identify any alternative funding opportunities;
  - The provision of support to assist the Council making external bids where required (there would be no compulsion for departments to use the contract and they could make their own arrangements if preferred). The cost of this would be charged to departments, and could be over and above the estimated £20,000 per year.
- 5.7 The breadth of knowledge required to undertake these tasks internally would require a significant investment of resources, whereas it is likely that an external expert will be able to draw upon knowledge and experience gained supporting a number of clients at a more cost effective rate.

## **6 OTHER ISSUES - RESERVE CAPITAL PROGRAMME**

- 6.1 At the time the capital programme was approved, there was a projected surplus of £0.9m of resources over spending in the period to 2004/05. There was, in addition, a commitment to a “reserve capital programme” of £1.8 million which was dependent upon achievement of a single land sale which would recoup the cost of providing an electricity generator in the north-west of the City. Of the £1.8 million, £0.5 million (in respect of Housing schemes) has been approved to proceed once the land sale was completed; the other schemes require a further Cabinet approval.
- 6.2 Since setting the capital programme:-
- (a) changes in the Government’s Single Capital Pot (SCP) have led to a deterioration in the estimated resources available to the corporate capital programme. We estimate that £0.5m will be lost through the Government’s decision to abolish the discretionary element of the SCP (which was previously intended to increase in stages from 5% to 20% of the total). Changes in the funding of housing capital may also have a negative impact on both the housing and corporate programmes;
  - (b) the forecast receipts required to balance the capital programme in 2003/04 is higher than envisaged due to underachievement in 2002/03 referred to above.
  - (c) Cabinet took a decision in March to continue to “freeze” the reserve programme in order to help manage the risk associated with the Cultural Quarter.
- 6.3 Given the above, it is no longer considered appropriate to maintain the reserve programme, and it is recommended that it is now formally deleted; with the exception of the £0.5m earmarked for Housing, which can still proceed, provided the requisite land sale is achieved during 2003/04.

## 7. OTHER ISSUES – PAYBACK FUND

- 7.1 The Payback fund was set up with the aim of financing schemes which will either attract additional income or reduce future expenditure. The fund operates as a rolling programme with all repayments being used to fund future schemes. To date the fund has provided finance of £527,000 towards various schemes, including upgrading fitness suites at Leicester Leys and St Matthews Leisure Centres, the establishment of on-street parking controls and various school energy saving projects. Currently there is an uncommitted balance of £261,700 in the fund, although it is anticipated that a number of further energy saving schemes will be submitted for future financing from the fund.

## 8. CONSULTATION.

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

<b>OTHER IMPLICATIONS</b>	<b>Yes / No</b>	<b>Paragraph referred</b>
Equal Opportunities	No	-
Policy	No	-
Sustainable & Environmental	No	-
Crime & Disorder	No	-
Human Rights Act	No	-
Elderly People / People on Low Income	No	-

