



Leicester
City Council

**Cabinet
Finance, Resources & Equal Opportunities
Scrutiny Committee**

13 October 2003

8 October 2003

2003/04 CAPITAL PROGRAMME MONITORING - PERIOD 4

Report of the Chief Finance Officer

SUPPORTING INFORMATION

1. CAPITAL MONITORING

- 1.1 The Council's capital programme was approved in January, and extends from 2003/04 to 2004/05. The programme totals £102 million, and best practice involves continuous monitoring of how the programme is progressing.
- 1.2 In 2003/04, monitoring will take place and be reported to Cabinet for periods 4, 7 and outturn. For each of these periods, a full review of all schemes will be undertaken, including project milestones and outturn projections, to enable early reporting of any potential slippage and corrective action to be taken, where possible.
- 1.3 Monitoring will also consider the extent to which the Council is achieving its programme of asset sales, which help fund the programme.

2. KEY ISSUES

- 2.1 Key issues that have arisen as part of the monitoring exercise are as follows:
 - i) **Schemes requiring further Cabinet Approval:** two schemes in the Environment, Regeneration & Development Departments programme still require further approval (these will be reported to Cabinet at a later date).
 - ii) **Potential Overspends:** Currently overspends are forecast in relation to the Humberstone SRB scheme and the Transport programme. Action is being taken in order to manage these schemes and ensure actual expenditure does not exceed resources available.
 - iii) **Cultural Quarter:** Cabinet has agreed that development work for the new theatre can take place at risk, but a funding package needs to be in place prior to final commitment decisions are made next February.

- iv) **Registration Service Relocation:** Funding problems relating to this scheme have arisen. This will be subject of a separate report to Cabinet.

3. POSITION AT THE END OF JULY 2003 (PERIOD 4)

- 3.1 The overall financial position for each department is shown in Appendix A. The position relating to the Devolved Schools Budgets and Single Regeneration Programme has been shown separately. Devolved Schools Budgets are controlled by individual schools and the SRB programme is significantly influenced by external bodies, which makes forecasting for these areas of the programme particularly difficult.
- 3.2 At the end of period 4, 21% of the forecast 2003/04 programme of £71.8 million had been spent. This compares to 14% at the same time last year. This represents good progress particularly as capital expenditure is often weighted towards the latter part of the financial year. However, performance is variable across service areas and programmes need to continue to be closely monitored and managed.
- 3.3 The slippage and rephasing of £6.8 million relates to the following areas:

	£000s
Cultural Services & Neighbourhood Renewal	45
Education & Lifelong Learning	5,382
Environment, Regeneration & Development	771
Social Care & Health	153
Resources, Access & Diversity	<u>471</u>
	<u>6,822</u>

- 3.4 The total slippage currently forecast represents 9% of the approved 2003/04 programme. Whilst the level of slippage forecast is high, the programme now reflects a more achievable level of expenditure.

4. PROGRESS ON SPECIFIC SCHEMES

- 4.1 The period 4 monitoring has identified schemes where significant variances have been forecast between expenditure and approval in 2003/04. Details of these schemes are given below, together with the position on other significant schemes.

4.2 **Cultural Services**

Braunstone Leisure Centre: This project will provide swimming and dry sport facilities. A guaranteed maximum price has been agreed with the contractor that is within £26,000 of the approved City Council contribution of £6.8 million.

Cultural Quarter: This involves development in the St Georges south area of the city centre and includes facilities for the Performing Arts, Film, New Media, Visual Arts and Cultural Industries. As detailed in paragraph 2.1 (iii) this scheme is still in the development stage and work is taking place on the funding package.

4.3 **Education & Lifelong Learning**

Additional resources (S106 funds and school contribution) have been identified relating to the following schemes:

- Hamilton Library (£680,000)
- Kestrels Field (£120,000)

Following detailed analysis of individual schemes with project officers slippage and reprogramming totalling £5.4 million is forecast:

- Braunstone Library (£1.4million)
- Minor Works (£183,000)
- Highfields Youth and Community Centre (£325,000)
- Sports Projects (£100,000)
- Secondary Review (£500,000)
- Staff Workspaces (£104,000)
- Expanding Popular Schools (£248,000)
- Asset Management/Modernisation (£2 million)
- Hamilton Sports Hall (£447,000)

The element of the Schools Condition Funding allocation that relates to Voluntary Aided schools (£409,000) has been removed from the programme as funding is now given directly to the VA schools by the DfES.

4.4 **Environment, Regeneration and Development**

- Abbey Meadows Depot – This involves the relocation of Abbey Meadows Depot to other sites, primarily Leycroft Road. This scheme slippage of £772,000 is now forecast reflecting the cashflow on the latest phase of works. The Abbey Meadows Depot will be vacated by March 2004.
- Integrated Transport block – This addresses the Councils priorities in relation to transport issues for example safer routes to schools and local safety schemes. This programme has been overprogrammed in 2003/04 by £443,000 in order to achieve the target outturn of £6.516 million. This will require close monitoring throughout the year to ensure the programme is not overspent.
- Regeneration schemes – This relates to a number of schemes in targeted areas. An overspend of £442,000 is currently forecast for these schemes largely due to potential new projects commencing on the SRB6 Greater Humberstone Programme. It is proposed that this will be managed by bringing forward future years' capital allocations subject to EMDA's approval.

4.5 **Housing**

The originally approved housing programme included an overprogramming allowance of £650,000. The programme has now been revised to remove this overprogramming and to reflect additional resources from buoyant council house sales. The revised programme totals £24.43 million.

4.6 **Social Care & Health**

- Childrens Schemes – A review of Childrens Services is currently being undertaken, as a result slippage of £100,000 is anticipated.

- Additional funding has been received for Mental Health Services (SCA of £122,000) and Information Management (grant of £165,000).

4.7 Resources, Access & Diversity

- Victoria Road East Extension/Lewisher Road Link – This is a major road associated with the development of land in the Hamilton area of the city (the scheme is to be part funded by other land owners in the area). The anticipated date for signing the construction contract has slipped due to delays in signing the Funding Agreement resulting in slippage of £200,000. Progress on this scheme is subject to the potential contractor agreeing to hold the tender price and the funding agreement and contract being signed.
- Registration Service Relocation – This scheme will provide an enhanced registration service. Slippage of £86,000 is forecast as delays have occurred due to funding problems that have not yet been resolved. There is a funding shortfall of approximately £360,000, work is taking place to identify means of reducing costs or identifying resources to meet this shortfall. A report relating to this scheme is to be presented to Cabinet.
- Places of Worship – This relates to the provision of infrastructure to a site at Hamilton to enable Places of Worship to be developed. Forecast expenditure has reduced from £100,000 to £25,000 as one of the groups has not yet confirmed which site it will use to develop its Place of Worship.

5. CAPITAL RECEIPTS

- 5.1 The target for capital receipts in 2003/04 and 2004/05 is £13.6 million, taking into account the shortfall carried forward from 2002/03. However, current monitoring of the capital programme indicates that only £7.5 million of receipts would be required in 2003/04 with the balance added to the target for 2004/05.
- 5.2 To date, £5.8 million has been realised in the current year, and the target for this year and next is believed to be tight but manageable.
- 5.3 However, although the total receipts target should be achievable, close monitoring of the 2003/04 receipts will be required.

6. CAPITAL MONITORING TARGETS

- 6.1 Currently a performance target of 90% for outturn compared to the period 8 forecast is used. In effect this is a measure of how good we are at monitoring capital spending throughout the year as opposed to how good we are at actually spending.
- 6.2 In order to improve capital programme performance and the achievement of higher levels of capital programme spending it is proposed that the target be changed to 90% of actual expenditure compared to the:
- period 4 forecast in 2003/04, and

- the original programme in 2004/05 and later years for all schemes and block sums excluding those where there is a significant 3rd party involvement. The gradual move from comparing actual expenditure with period 8, to period 4, to original, reflects the expected improvement in capital programme management over time.

7. CONSULTATION

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

8. FINANCIAL AND LEGAL IMPLICATIONS

See main report.

9. OTHER IMPLICATIONS

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

10. BACKGROUND PAPERS – Local Government Act 1972

Corporate Capital Programme 2003/04 to 2004/05 - Cabinet 27 January 2003
- Council 30 January 2003

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