



Leicester  
City Council

Cabinet  
Finance, Resources & Equal Opportunities  
Scrutiny Committee

19 January 2004  
22 January 2004

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**2003/04 CAPITAL PROGRAMME MONITORING – PERIOD 7**

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**Report of the Chief Finance Officer**

**SUPPORTING INFORMATION**

**1. CAPITAL MONITORING**

- 1.1 The monitoring process involves reports to members at two stages during the financial year, although a third stage is envisaged this year after period 10. Improvements in the process have been made in recent months, including better linking of financial and non-financial information. This has proved to be useful in identifying delays with schemes at an early stage.
- 1.2 The period 4 position was reported to Cabinet on 13 October 2003.
- 1.3 The planning process provides for the next report to be presented to Cabinet to relate the outturn position. However, the 2004/05 Capital Programme Book will be based on the last approved forecasts and so in order to make this as accurate as possible it is now intended to present the period 10 capital monitoring report to Cabinet.
- 1.4 Capital monitoring involves a full review of all schemes including milestones and outturn projections. This enables early reporting of any potential slippage and corrective action to be taken, where possible. Monitoring also considers the extent to which the Council is realising its capital receipts, which help fund the programme.

**2. KEY ISSUES**

- 2.1 **Schemes requiring further Cabinet Approval:** Two schemes in the Environment, Regeneration & Development programme still require further approval before they can proceed, although most schemes requiring specific approval have now received it .

- 2.2 **Potential Overspends:** The Transport and SRB programmes are currently forecasting to overspend. Action is being taken to manage these programmes and, in the case of the SRB schemes, secure additional funding.
- 2.3 **Slippage:** Despite the introduction of measures to improve capital monitoring the level of slippage in the capital programme is still of concern. The level of slippage forecast to date in 2003/04 totals £8.9 million.
- 2.4 **Relocation of the Registration Office and Performing Arts Centre:** Funding issues relating to these schemes have yet to be resolved.

### 3. POSITION AT THE END OF OCTOBER 2003 (PERIOD 7)

- 3.1 The overall financial position is shown in Appendix A.
- 3.2 At the end of period 7, 43% of the forecast 2003/04 outturn had been spent. Performance is variable across service areas. Other than Cultural Services and Housing the level of expenditure is low and will need to be closely managed and monitored.
- 3.3 The estimated outturn is now £70.9 million. It is still difficult to form a view on the robustness of the estimated outturn particularly due to the low level of expenditure in many areas of the programme.
- 3.4 Slippage of £2.2 million has been identified since period 4:

	<u>£000</u>
Education & Lifelong Learning	1,707
Environment, Regeneration & Development	85
Housing	194
Resources Access & Diversity	<u>166</u>
	<u>2,152</u>

Whilst this is a significant amount of slippage to be identified since period 4 the programmes should now be more realistic.

### 4. PROGRESS ON SPECIFIC SCHEMES

- 4.1 Progress on specific schemes  
Details of changes in forecasts since period 4 are given below:
- 4.2 **Cultural Services**  
There has been a rephrasing in the use of external contributions towards the Braunstone Leisure Centre and Creative Business Depot schemes. This has resulted in the use of corporate resources transferring from 2003/04 to later years. Whilst this results in lower use of corporate capital resources than expected, it is perfectly acceptable (indeed advantageous).

- The Braunstone Leisure Centre project is progressing well and continues to meet its deadlines. Completion is anticipated to be October 2004. The net expenditure by the council in 2003/04 is now expected to be £3.2m rather than £4.145m as forecast at period 4. The main reason for the lower net spend is a higher anticipated receipt of funds from co-funders on the project. Sport England has accepted that its contribution will primarily be in 2003/04 and similarly SureStart have indicated that all their funding will be in the current year. The original assumptions, made in period 4, regarding funding receipts were more conservative.
- The Creative Business Depot project is on schedule and within budget, with a completion date of April 2004. The net spend for 2003/04 is now anticipated to be £1.1m against a forecast of £1.5m at period 4. There is virtually no change in the total expenditure in 2003/04 and the total project cost has not altered. The major change in the net spend is caused by receipts from co-funders now being £395,000 higher. This is due to the funders wishing to increase their contributions in the current year above the originally assumed levels.
- Work proceeds on the early phases of the Performing Arts Centre, and a Cabinet report is scheduled for February 2004. The key issue will be the ability to generate external funding, for which significant elements of risk remain.

#### 4.3 **Education & Lifelong Learning**

Monitoring of schemes in the programme has identified slippage in the following areas:

- Secondary Review – Following a review of ongoing works and retentions slippage of £500,000 is forecast.
- Nurseries in Disadvantaged Areas – scheme completion dates have been postponed due to delays in design work resulting in slippage of £136,000.
- Hamilton Library – The time taken to resolve legal and design issues has led to a delay in starting on site. It is now anticipated that works will commence in the new year and expenditure of £510,000 has been slipped into 2004/05.

In addition, slippage of £478,000 is forecast relating to the Devolved Formula/Seed Challenge Grant programmes; these programmes are more difficult to forecast as they are managed by individual schools.

#### 4.4 **Environment , Regeneration & Development**

- St Georges Conservation & Heritage Initiatives – slippage of £85,000 is forecast; this is one of the schemes where approval is still outstanding.
- Ross Walk (Intermediate Business Units) - this is a new scheme totalling £454,145 of which £285,000 is forecast to be spent in 2003/04. The scheme is to be funded by ERDF and LSEP grants. This scheme involves the development of approximately 11,000 sq.ft of vacant space into 13 office units to let.
- Integrated Transport block – this block was previously overprogrammed by £443,000 in order to achieve the target outturn of

£6.516 million, the level of overprogramming has now been reduced to £216,000. The programme is being closely monitored in order to ensure expenditure does not exceed the resource level; however, if the programme does overspend there will be a corresponding reduction to the 2004/05 resources level.

- Regeneration schemes – the forecast level of expenditure currently exceeds the current level of approval by £235,000. However, EMDA have given in principle approval to the expenditure and to bringing forward future years' capital allocations.
- Riverside Schemes – Cabinet approved £50,000 for schemes at the Riverside subject to further approval to the detailed implementation of schemes. The schemes proposed are as follows:  
National Space Centre Frontage (£10,000)  
Riverside Base (£5,000)  
Aylestone Meadows Access Project (£20,000)  
Path works (£10,000)  
Aylestone Grazing Project (£5,000)

#### 4.5 Housing

- The programme has been increased by £1 million due to additional receipts following buoyant council house sales. The programme of additional works include £650,000 to bring Council Houses up to the decent home standards and £200,000 for further disabled facilities grants.
- Further increases totalling £226,000 have been made to the programme relating to :
  - grants to householders for energy schemes (£45,000)
  - contribution to a social housing scheme at Bassett Street (£125,000)
  - setting up an area office in Braunstone (£56,000).

These schemes will be funded from contributions brought forward and the Building reserve.

- Following a review of progress relating to the Housing Management/Benefits/Local Tax IT System and the Supporting People Computer System additional expenditure of approximately £1 million is forecast in 2003/04. This will be financed by a Supplementary Credit Approval and resources brought forward from 2002/03.

#### 4.6 Social Care

- Intermediate Care – Two elderly persons homes are being redeveloped under a joint project with the Health Authority to provide Intermediate Care Services. The additional expenditure forecast of £584,000 will be funded by the Health Authority.

#### 4.7 Resources, Access & Diversity

- Disability Discrimination Act – This programme of works includes the installation of lifts at two centres. Due to the lead time for the delivery of the lifts there will be a delay in starting works and as a result slippage of £141,000 is now forecast.

- Relocation of Registration Office  
This scheme has a shortfall of funding of approximately £360,000. In addition a proposal to install a new kitchen is being considered at a cost of up to £200,000; this will provide catering facilities for civic functions. A bid has been submitted to EMDA for funds to support the scheme. Once the costs, and funding available, have been finalised a report will be submitted to Cabinet.

## 5. CAPITAL RECEIPTS (CORPORATE PROGRAMME)

- 5.1 The corporate capital receipts target for the 2 year period 2003/04 and 2004/05 is £15.4 million.
- 5.2 To date, £7.3 million has been realised in the current year. The capital monitoring exercise indicates that the amount generated is already sufficient to finance the 2003/04 programme. Nonetheless, the two year target is ambitious and efforts to achieve the full £15 million need to be maintained.

## 6. Consultation

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

## 7. FINANCIAL AND LEGAL IMPLICATIONS

See main report.

## 8. 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	-

## 9. BACKGROUND PAPERS – Local Government Act 1972

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

## 10. Report Author/Officer to Contact

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