



Leicester
City Council

Cabinet

15 March 2004

2003/04 CAPITAL PROGRAMME MONITORING – PERIOD 10

Report of the Chief Finance Officer

SUPPORTING INFORMATION

1. CAPITAL MONITORING

- 1.1 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 **Potential Overspends:** The SRB and Bridge Refurbishment programmes are currently forecasting to overspend. Action is being taken to manage these programmes and in the case of the SRB programme, to secure additional funding. If there is an overspend on the bridge refurbishment programme the level of corporate resources allocated to the programme in 2004/05 will be reduced accordingly.
- 2.2 **Slippage:** Despite the introduction of measures to improve capital monitoring the level of slippage in the capital programme is still of concern but has improved in most areas of the programme.
- 2.3 **Funding Issues:** Funding issues relating to the following schemes have yet to be resolved:

Relocation of the Registration Office – options to bridge the funding shortfall are being investigated.

Performing Arts and Convention Centre - a report relating to this scheme was considered by Cabinet on 1 March and sources of finance to cover the

financial risk of £7 million were considered. The views of Finance, Resources and Equal Opportunities Scrutiny were sought and when these have been given the issue will be considered further.

Victoria Road East Extension (VREE) – following the receipt of tenders costs are higher than forecast, however it is anticipated that the majority of this additional cost can be contained within the contingency sum for the scheme.

3. POSITION AT THE END OF JANUARY 2004 (PERIOD 10)

- 3.1 The overall financial position is shown in Appendix A.
- 3.2 At the end of period 10, 68% of the forecast 2003/04 outturn had been spent.
- 3.3 The estimated outturn is now £64.539 million
- 3.4 Slippage and reprogramming of £4.15 million has been identified since period 7:

	<u>£000</u>
Cultural Services	552
Education & Lifelong Learning	2,456
Environment, Regeneration & Development	436
Social Care	240
Resources Access & Diversity	465

4. PROGRESS ON SPECIFIC SCHEMES

- 4.1 Progress on specific schemes
Details of changes in forecasts since period 7 are given below:

4.2 Cultural Services and Neighbourhood Renewal

There has been a re-phasing 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, and does not affect actual progress with the schemes.

- 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 £1.425 million rather than £3.2 million forecast at period 7. The main reason for the lower net spend is a higher anticipated receipt of funds from co-funders of the project. In addition there has been slippage in the level of forecast payments of £335,000.

- The Creative Business Depot project is within budget and should be complete by the planned date of April 2004. The net spend for 2003/04 is now anticipated to be £530,000 against a forecast of £1.1m at period 7.

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 is proceeding on the early phases of the Performing Arts and Convention Centre. On 1 March 2004 Cabinet considered a number of issues relating to the scheme and agreed to proceed; however further consideration is to be given on how to cover the associated financial risk.

4.3 **Education & Lifelong Learning**

Monitoring of schemes in the programme has identified slippage and reprogramming of £2.45 million. The main areas of slippage are detailed below (the level of forecast slippage is shown in brackets):

- **Condition Focused Capital/Modernisation Fund (£705,000)** – implementation of this programme has been delayed. **Schools Access Initiatives (£200,000)** – This budget has been allocated as requested by schools. **City Learning Centres (£281,000)** – phase 1 of the Beaumont Leys project is complete; slippage relates to retentions and lack of progress on phase 2 works.
- **Hamilton Library and Braunstone Library (£480,000)** – these projects have been delayed. Slippage reflects the revised project timetables.

4.4 **Environment , Regeneration & Development**

- Local Environmental Works – slippage of £170,000 is forecast; this is due to delays in identification of schemes and extensive consultation.
- Abbey Meadows Depot – there is provision of £112,000 for works associated with Abbey Meadows Depot Relocation. This provision is to cover final stages of the scheme and will not be spent in 2003/04.
- Integrated Transport block – this block was over-programmed in order to achieve the target outturn of £6.516 million. Savings have been identified and the programme is now only over-programmed by £9,000.
- Bridge Refurbishment – the forecast level of expenditure of £91,000 exceeds the resources available by £30,000. If there is an overspend the 2004/05 allocation for bridge refurbishment (£100,000) will be reduced accordingly.
- Regeneration schemes – the forecast level of expenditure of £2.756 million currently exceeds the current level of approval by £231,000. However, EMDA have given in principle approval to the expenditure and to bringing forward future years' capital allocations.

4.5 **Housing**

The forecast level of expenditure has reduced by £190,000 since period 7; the main areas of change are detailed below:

Reduced Expenditure:

- Renewing kitchens and bathrooms (£585,000) – progress has been slower than planned because of lead times for new contracts, and

because contractors have been redirected to tackle work needed on void properties.

Offset by increased expenditure in the following areas:

- Door and window replacement (£600,000) – All window and door elements of schemes have been amalgamated under this heading.
- Home Repair Grants (£118,000) – this is due to demand for grants being higher than anticipated.

4.6 Social Care

- Elderly Persons Homes – Due to problems with contractors some works will not be completed in March resulting in slippage of £42,000.
- Childrens Schemes – Delays in starting works due to a review of childrens services have resulted in slippage of £73,000.

4.7 Resources, Access & Diversity

- Bursom Sub Station – This scheme was due for completion by the end of February but will not be complete until the end of May. This has resulted in slippage of £195,000.
- Relocation of Registration Office – Once the costs, and funding available, have been finalised a further report will be submitted to Cabinet.
- Improved Customer Access – Slippage of £55,000 is now forecast on this scheme due to supplier delays and rescheduling of certain works. In addition, the original programme included provision of £16,500 for a pilot Customer Services project in Libraries. However the bid for follow up finding from the Neighbourhood Renewal Fund has been unsuccessful. Cabinet are therefore asked to approve reallocating this sum to refurbishing the New Walk Centre Customer Services Centre.
- Victoria Road East Extension - Following the receipt of tenders, costs of the scheme are higher than anticipated. The City Council is responsible for approximately £400,000 of these additional costs. However, it is anticipated that this can be met from the majority contingency that exists for the scheme. If there is any shortfall remaining this will be funded from elsewhere within the Resources capital programme.

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, £15.9 million has been realised in the current year. The level of receipts generated already exceeds the target. This is directly as a result of 2 high value receipts, which have attracted £13m in 2003/04.

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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