

Leicester
City Council

**CABINET
FINANCE RESOURCES AND EQUAL
OPPORTUNITIES SCRUTINY COMMITTEE
COUNCIL**

15 January 2001

16 January 2001

25 January 2001

2001/02 CAPITAL PROGRAMME

Report of the Chief Financial Officer

1. PURPOSE OF REPORT

- 1.1 The purpose of this report is to ask members to consider the main capital programme for 2001/02. Cabinet members are asked to recommend the revised programme to Council.
- 1.2 The report considers the main capital programme only. Once all other programmes have been approved by Cabinet an overall capital programme book will be published.

2. SUMMARY

- 2.1 In 1999, members approved a 3 year programme for the years 1999/00 to 2001/02. Last year, members approved a 2 year capital programme up to 2001/02, being essentially the previous 3 year programme with some variations.
- 2.2 It is recommended that the Council now approves a one year programme for 2001/02, being the final year of the original 3 year programme. Some minor amendments have been proposed by the Labour Group.
- 2.3 In Spring 2001, the process of preparing the next 3 year capital programme (2002/03 to 2004/05) will commence. This process will be informed by the Council's Capital Strategy which was approved by full Council on 30th

November 2000 and Government decisions regarding the proposed "Single Capital Pot".

3. RECOMMENDATIONS

The Cabinet is asked to consider, and the Scrutiny Committee to comment on the following proposals :

- 3.1 The following changes to the programme proposed by the Labour Group :-
- (a) The original provision of £155,000 for the variable message signs schemes be deleted from the programme as it is not possible to carry out a viable scheme for the sum available. However, the scheme will be reconsidered if funds become available, and the Director of Environment and Development will consider the availability of Local Transport Plan funding.
 - (b) The cost to complete the Land and Property Gazetteer scheme of £63,500 be added to the programme to enable full use to be made of the Gazetteer.
 - (c) The Young Womens Unit (£239,000) be deleted from the capital programme if the Director of Social Services proposed revenue strategy (which makes alternative service proposals) is endorsed.
 - (d) An increase of £400,000 to the approved cost of the Victoria Road East Extension to £1.773 million following a re-assessment of costs and taking into account advice from the construction industry about the trend in prices. This scheme will facilitate the release of significant capital receipts in future years.
 - (e) A contribution of £300,000 towards the cost of the Lewisher Road Link be added to the programme. It is anticipated that additional capital receipts will be generated which will cover the cost of the Council's contribution to the scheme.
- 3.2 The revised capital programme to be recommended to Council. The attached appendix describes the programme that would be adopted if 3.1 (a) to (e) above was approved.
- 3.3 The inclusion of the Belgrave Public Convenience Scheme (£93,000) if the results of arbitration are in favour of the City Council.
- 3.4 The following target for capital receipts (being the remainder of the original target of £14.86 million set in 1999 plus ringfenced receipts of £465,000) for

the 2 years 2000/01 and 2001/02 combined :-

Operational property £3.174 million
Non-operational property £8.649 million.

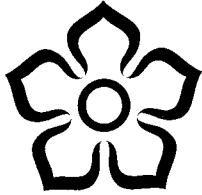
- 3.5 Every effort should be made to achieve the respective targets for operational and non-operational property receipts. If there is a remaining shortfall on operational property receipts, the Director of Environment and Development be asked to advise on further sales needed to achieve the capital receipts target (see paragraph 4.4 of the supporting information).
- 3.6 Notwithstanding that the programme is essentially the existing one, Finance, Resources and Equal Opportunities Scrutiny Committee are being consulted on the report. However, Cabinet is recommended to waive the technical requirement to consult scrutiny committees generally (the regulation details the process to be followed when a new full programme is set).

4. HEADLINE FINANCIAL IMPLICATIONS

The revised capital programme, assuming the proposals detailed in paragraph 3.1 are approved, is detailed in the Appendix. This shows a shortfall in resources of £29,000. The resources shown reflect the 2001/02 capital settlement.

5. REPORT AUTHOR

Nicola Harlow, Capital Accountant, ext: 7432



Leicester
City Council

**CABINET
FINANCE RESOURCES AND EQUAL
OPPORTUNITIES SCRUTINY COMMITTEE
COUNCIL**

15 January 2001

16 January 2001

25 January 2001

2001/02 CAPITAL PROGRAMME

Report of the Chief Financial Officer

SUPPORTING INFORMATION

1. BACKGROUND

- 1.1 In March 2000 Policy and Resources Committee approved the main capital programme for the period 2000/01 to 2001/02. This report details decisions made and policies approved relating to the programme on the assumption that the Council approves the Labour Group's proposed amendments. Details of capital receipts available to support capital expenditure are also given.

2. MAIN PROGRAMME

- 2.1 The main programme is that programme which is funded by resources that are not specific to individual schemes or types of spending and therefore can be used at the Council's discretion.

- 2.2 The Council approved a Capital Investment Strategy in 1998. Since then the Council has had a 3 year rolling programme based on the policies and principles set out in that strategy. However, the way in which capital resources are to be allocated to local authorities is to be changed from 2002/03 with a 'Single Capital Pot' being introduced. It was therefore agreed by Policy and Resources committee in March 2000 that a 2-year programme, rather than a 3-year in programme be approved.
- 2.3 With the advent of the single capital pot in 2002/03 only a 1 year programme is now proposed. There are only a few changes to the programme approved in March 2000. A fundamental review of all programmes will be carried out next year involving consultation with scrutiny committees.
- 2.4 The capital strategy for the period 2001/02 – 2003/04 was approved by members in November 2000. This document explains how the Council will identify priorities for capital spending, and manage, monitor and review its spending programmes. This will facilitate future reviews of the capital programme.

3. HOUSING AND TRANSPORT PROGRAMME

- 3.1 Resources available to fund the Housing and Transport programmes are treated as being specific for these service areas. The allocation of resources from central government relates to bids submitted. Receipts from the sale of housing assets are earmarked (by local policy) for use to support the Housing programme.
- 3.2 As these programmes are funded from specific resources these programmes are approved separately.

4. CAPITAL RECEIPTS

- 4.1 The 1999/00 – 2001/02 capital programme required the generation of £14.86 million which consisted of target receipts of £14 million for the period 1999/00 to 2001/02 plus £0.86 million of receipts which slipped from 1998/99. Of the target of £14.86 million, £3.956 million was to be achieved from the sale of operational property and £10.904 million from the sale of non-operational property.
- 4.2 The target for the sale of non-operational property was increased by £465,000 to £11.369 million following approval to the sale of the Registration Office at Pocklington's Walk (£400,000) and non-operational land at Hamilton (£65,000). The revised target of £15.325 million was approved by Policy and Resources Committee in March 2000.

The resulting target was as follows: -

	<u>Operational Property</u> £000	<u>Non- Operational Property</u> £000	<u>Total</u> £000
3 year target	3,956	11,369	15,325
Receipts Generated 99/00	<u>(782)</u>	<u>(2,720)</u>	<u>(3,502)</u>
Target Remaining	<u>3,174</u>	<u>8,649</u>	<u>11,823</u>

4.3 The target relating to operational property is a challenging target. It has been recognised that, in order to try and achieve this target, all sales of operational property will count towards it except in the strictly limited scenario where capital expenditure is essential in order to release the land, property or to achieve a specific economy in property occupation. This prevents “ringfencing” of specific receipts for new spending purposes except in very limited circumstances. The rule was agreed by Policy and Resources Committee in March 1999 and further endorsed in March 2000.

4.4 As this is the final year of the current capital programme every effort should be made to achieve the respective targets for operational and non-operational property sales. If, during the next financial year, there is a shortfall in the projected receipts from operational property, the Director of Environment and Development will advise on the further sales of non-operational property necessary to achieve the overall capital receipt target. Further sales would need to be considered in the context of the Council’s developing Asset Management Plan and the Director of Environment and Development will advise on the revenue consequences and any other implications of such action. In practice, however, it should be possible to let the generation of some receipts slip into 2002/03 provided such receipts will be achievable and will not prejudice the next 3 year capital programme. Receipts will be closely monitored during the course of the year.

5. **2001/02 MAIN PROGRAMME**

5.1 The Labour Group proposes various changes to the previously agreed programme which are detailed in the report recommendations.

5.2 The revised capital programme if the Labour Group proposals are approved is shown in the Appendix. The details of the main schemes in the programme are detailed below:-

(a) Victoria Road East Extension (£1.773 million)

This is the City Council's contribution towards the cost of completing the road. The completion of the road will enable the City Council to release investment land for development.

(b) Education Secondary Review (£6.38 million)

This scheme involves carrying out work at 14 Secondary schools to provide appropriate accommodation following the review of Secondary Education and the strategic aim of raising achievement in schools.

Provision of £4.88 million was made in the 1999/00 capital programme, in addition to resources provided by the government. Other works outside the scope of the basic programme amounting to £1.5 million were approved in September 1999 increasing the total provision in the main programme to £6.38 million. This is supplemented by Government resources of £10.63 million, and in practice, New Deal Schools Grant of £6.4 million is being used to complement these resources. The scheme is substantially underway.

(c) Social Services Information System (SSIS) (£300,000).

This project will enable the replacement of the current information system.

(d) Children's Homes (£170,000)

This sum was provided in addition to the rolling programme of £100,000 per annum for children's home improvements. It will enable all City Council owned children's homes to be brought up to the relevant registration standards and also meet the long term requirements of the service.

(e) Relocation of the Registration Office (£825,000).

This scheme involves the relocation of the Registration office from Pocklington's Walk to new premises. The sale of Pocklington's Walk will generate a non-operational property receipt of approximately £400,000, and the investment property target has been increased accordingly.

(f) Education Minor Works (£460,000).

This allocation was provided in addition to the rolling programme provision of £100,000. This additional funding will enable more works to be carried out at schools. The budget is primarily being used for mobile classroom transfers, replacement of dilapidated mobiles, toilet improvements, adaptation to primary and special schools necessary to improve the delivery of the national curriculum and security works.

(g) Rolling Programmes

The capital programme contains a number of “rolling programmes” of works, which are routinely carried out each year. For example:-

Central Maintenance Fund - this fund provides for the cost of repairs to Council owned buildings. This provision is supplemented by a sum of £128,000, which will fall out in 2001/02, to carry out legionella surveys which are required by law.

Kick about areas - this programme is to fund a number of improvements each year across the city to ensure safe access and compliance with health and safety standards. Main works are likely to be fencing and resurfacing works.

6. RESERVE SCHEMES

6.1 These schemes are provisionally included in the capital programme, pending a more detailed report of the director on their usage. Financial Regulations currently require a report to Cabinet of the relevant director before any scheme in the capital programme can commence; this is currently being reviewed, but it is envisaged that (whatever the outcome of the review) the reserve schemes will continue to require a further report.

6.2 Cabinet is asked to note that the provision for lottery match funding has been re-designated as match funding for St Margarets Baths/Granby Halls replacement.

7. PAYBACK FUND

7.1 The Policy and Resources Committee, in 1998, set up the Payback Fund of £400,000 from reserves to finance schemes which will attract additional income or reduce further expenditure.

7.2 Schemes funded through the Payback Fund include set up costs relating to:
On-street parking
School lighting and water controls
Video Library Loan Service
Aylestone Leisure Centre Fitness Suite

7.3 The Payback Fund has been successful with schemes totalling £415,000 being approved since the inception of the scheme. The forecast balance on the fund at 31 March 2001, after repayments, is £244,000; this is available to fund further schemes.

8. **LEGAL AND OTHER FINANCIAL IMPLICATIONS.**

8.1 **Financial implications.**

The detailed programme and resources available to support the programme are shown in the Appendix. This identifies a shortfall in resources of £29,000.

8.2 **Legal Implications**

None.

8.3 **Other Implications**

Equal Opportunities	Yes	The capital programme is an important mechanism for improving accessibility to buildings and promoting equal opportunities.
Policy	Yes	The programme is based on the Capital Investment Strategy.
Sustainable and Environmental	Yes	The programme includes environmental works.
Crime and Disorder	No	
Human Rights Act	No	

8. **CONSULTATION**

All Departments have been consulted through Directors Board.

9. **BACKGROUND PAPERS**

Policy and Resources committee 21 March 2000 – Main Capital Programme 2000/01 to 2001/02.