

Leicester
City Council

Cabinet
Scrutiny Committees

12 February 2001
Various

CAPITAL PROGRAMME 2000/01 – PERIOD 8 MONITORING

REPORT OF THE CHIEF FINANCIAL OFFICER

1. Purpose of Report

- 1.1 This report advises members of the position relating to all areas of the capital programme based on the monitoring position at the end of November (period 8). Changes in the level of forecast expenditure since period 5 are identified and information given regarding physical progress and milestones of schemes. Details regarding the generation of capital receipts compared to the targets are also given.
- 1.2 Each Scrutiny Committee will receive a report in the current cycle, consisting of this covering report showing the total capital programme position together with the report(s) and table(s) that identify the position in relation to their spheres of responsibility. Cabinet and the Finance, Resources and Equal Opportunities Scrutiny Committee are receiving reports in respect of the full corporate position.

2. Background

- 2.1 On 20 November 2000 Cabinet considered the capital programme position that was based on the forecast at the end of August (period 5). A revised level of forecast expenditure of £49.132 million was approved.

3. Summary

- 3.1 The current approved level of 2000/01 capital expenditure is £49.132 million. A summary of changes since period 5 is detailed below:-

	£000
Approval – period 5	49,132
Additions	666
Slippage/Rephasing	<u>(4,371)</u>
Forecast – period 8	<u>45,427</u>

Of the slippage of £4.3 million, £680,000 results from changes to schemes involving negotiations with partners or has third party involvement and is therefore much less easy to control.

- 3.2 Actual expenditure to the end of November totalled £20.5 million. Expenditure has been incurred on a wide range of schemes, details of which are given in the supporting information attached.
- 3.3 The former Policy and Resources Committee approved a capital receipts target of £15.325 million for the period 1999/00 to 2001/02 of which £3.5 million was generated in 1999/00 leaving a balance of £11.825 million. Receipts generated at the end of December 2000 totalled £672,000 (excluding ringfenced sales). The value of sales forecast to be generated during the period January to March 2001 total £1.34 million, giving a total of £2 million for the year. It is noted that we have consciously deferred certain sales (given the slippage in expenditure) to avoid loss of rental income.

4. Recommendations

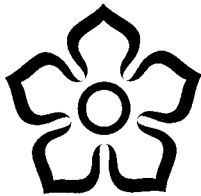
- 4.1 Cabinet is recommended to:-
- a) Approve the revised level of forecast expenditure of £45.427 million.
 - b) Approve slippage of £4.371 million.
 - c) Note the level of expenditure to the end of November 2000 of £20.5 million.
 - d) Note the position relating to capital receipts.
 - e) Approve the following additions to the Education capital programme:-
 - Excellence in Cities £2.4 million
 - Linwood Centre £50,370
 - Parkfield Nursery £7,515.
- 4.2 Scrutiny Committees are asked to consider issues affecting their portfolios and make any observations to Cabinet as they see fit.
- 4.3 Finance, Resources and Equal Opportunities Scrutiny Committee is asked to consider the overall position relating to the capital programme and make any observations to Cabinet as it sees fit.

5. Financial and Legal Implications

This report is concerned solely with financial issues.

6. Officer to contact.

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Cabinet
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CAPITAL PROGRAMME 2000/01 – PERIOD 8 MONITORING

REPORT OF THE CHIEF FINANCIAL OFFICER

SUPPORTING INFORMATION

1. Summary

1. This report gives information on the latest forecast outturn position relating to capital expenditure and capital receipts. Information is also given on the level of expenditure to the end of November and of physical progress on schemes.

2. Corporate Position

Forecast outturn

- 2.1 The currently approved programme totals £49.132 million. The latest forecast outturn is £45.427 million as shown in Appendix A.

- 2.2 The change in forecast outturn relates to the following:-

		£000
Approved programme		49,132
Additions		
Education	158	
Environment & Development (SRB)	499	
Town Clerks and Corporate Resources	<u>9</u>	666
Slippage/Rephasing		
Arts & Leisure	(181)	
Education	(1,732)	
Environment and Development	(2,173)	
Housing (net reduction)	(89)	
Town Clerks & Corporate Resources	(114)	
Social Services	<u>(82)</u>	<u>(4,371)</u>
Period 8 forecast		<u>45,427</u>

- 2.3 Actual Expenditure to end of November 2000.

As shown in Appendix A expenditure to the end of November totaled £20.5 million representing 45% of the current forecast outturn.

Physical Progress

- 2.4 Physical milestones have been established for many schemes in the programme; this report identifies progress against these milestones. The full set of milestones will be reported to Scrutiny Committees.

Position Relating to Programmes

3. Arts and Leisure

Generally work is progressing well with expenditure to the end of November being 74% of the latest forecast outturn. The main areas of work and expenditure relate to St Margarets and Granby Halls demolition (£578,000), St Nicholas Place Archaeological Evaluation (£52,000) and feasibility studies (£122,000).

- 3.1 Work is generally progressing well and all areas of work are planned.

3.2 Forecast outturn

The level of expenditure forecast is £1.117 million compared to the approved programme of £1.298 million. The main areas of rephasing, the amount and reasons are detailed below:

- a. Playgrounds and Kick About Areas (£60,000) – delays have arisen in starting the work however a detailed programme of works is now planned.
- b. Guildhall – Provision of Toilets (£40,000) – the start of work has had to be postponed from January to March 2001 due to delays in work relating to connecting drains by Leicester Cathedral.

3.3 Physical Milestones

Physical milestones have been prepared for feasibility studies and property related schemes. The planned start date for Guildhall (provision of toilets) has been amended to reflect the new work programme; in all other cases there is no change to the planned start date.

4. Education

- 4.1 The main scheme in the Education programme relates to the Secondary Review. Whilst the scheme is continuing to progress as planned with many phases of work having been completed the level of forecast expenditure in 2000/01 has reduced from £8.5 million to £7.5 million. This purely reflects the latest cashflow forecast as some payments are now anticipated to be incurred

in early 2001/02. Expenditure of £3.6 million had been incurred on the scheme by the end of November.

4.2 Forecast Outturn

The level of expenditure forecast is £9.814 million compared to the approval of £11.388 million. The reduction in forecast payments is due to slippage and rephasing of £1.732 million offset by additional approvals from the Department for Education and Employment of £158,000; details are given below:

Slippage/Rephasing

- a. Secondary Review (£1.018 million) – as explained above whilst there have been no changes to physical progress it is now anticipated that some payments will fall into early next financial year.
- b. New Deal for Schools 3 (£364,000) – The tenders for all schemes were above the estimates. This has resulted in delays as savings need to be identified. The revised cashflow reflects this.
- c. Minor Works/Kitchen Improvements (£168,000) – Due to a change in regulations relating to kitchen ventilation the works programme has had to be altered. This has delayed work and therefore expenditure.
- d. School Laboratories (£114,000) - Works are now programmed; however work at two schools will not start until early 2001/02.

In all cases resources can be carried forward to meet the slippage and rephasing forecast.

Additional Approvals

- a. As part of the Excellence in Cities plan approval has been given to two City Learning Centres at Beaumont Leys and Crown Hills. The total grant funding available is £2.4 million over 2 years (2000/01 – 2001/02). It is hoped that works can start on site in March 2001. Expenditure of £100,000 is forecast in 2000/01 relating to fees and consultancy work.
- b. The Linwood Centre has been given capital funding of £50,370 to fund premises alterations and equipment to enable adults who have limited or no access to Information Technology to learn relevant skills.
- c. Capital grant of £7,515 has been allocated for improvements to Parkfield Nursery.

4.3 Actual expenditure to the end of November 2000

Actual expenditure to the end of November was £4.23 million, which amounts to 43% of the forecast outturn. This mainly related to the Secondary Review programme (£3.6 million) and Class Size Reductions (£297,000). Significant payments are now being incurred on the Secondary Review scheme.

4.4 Physical Milestones

Milestones have been prepared for all schemes being carried out as part of the Secondary Review programme of works, New Deal 3, Class Size Reduction and Science Laboratories programmes.

In the case of the Secondary Review programme many schemes are now complete. Planned hand over dates should be achieved.

The New Deal for schools (Phase 3) programme is still provisional due to the need to identify savings however it is hoped that all schemes will start in January or February 2001.

The Class Size Reduction programme of works is progressing well with four schemes complete and the others on target.

Work relating to the Science Laboratories is programmed with start dates planned.

5. Environment and Development

5.1 Transport

5.1.1 Forecast Outturn

Slippage of £1.086 million is now forecast reducing the forecast outturn from £6.089 million to £5.003 million. The rephasing mainly relates to the bridges programme when payments of £1 million are now forecast to be incurred in 2001/02 as a result of the bridges consultancy team not being at full strength and therefore work not progressing as fast as anticipated. The bridges programme is funded by a supplementary credit approval that is valid for 2 years; therefore there will be no loss of resources.

5.1.2 Actual Expenditure to the end of November 2000

Actual expenditure at the end of November 2000 totalled £2.44 million relating to a range of schemes, for example: -

A46/47 Link Road
Belgrave Corridor
Traffic Calming measures
Measures to improve travel by bus.

5.1.3 Physical progress

One of the largest areas of the programme relates to bridges. A detailed work plan relating to the bridge assessment, strengthening and maintenance programme has been prepared.

5.2 **Property and Regeneration**

5.2.1 Forecast Outturn

Slippage and rephasing of £727,000 is now forecast reducing the forecast outturn to £696,000, this relates to the following schemes:-

Places of Worship (£500,000) – negotiations with the religious groups involved are still ongoing.

Rancliffe Gardens (£93,000) – this scheme is dependent on developers completing their work; this is now not expected to be complete until 2001/02.

NSSC Environmental works (£84,000) – work started on site in December 2000, but will not be complete until October 2001. The revised cashflow reflects this work programme.

Hamilton – contribution to works (£50,000) – due to delays in the house building programme by the external developer this contribution will now not be made until 2001/02.

As identified above much of the rephasing relating to the Property and Regeneration programme has arisen due to delays in work by external developers.

5.2.2 Actual expenditure to the end of November 2000

Payments of £288,000 had been incurred by the end of November 2000. This mainly relates to the City Challenge contingency (£252,000).

5.2.3 Physical Progress

Much of this programme is dependent on external developers making it difficult to prepare milestones and plan progress of schemes. In the case of those schemes that are not dependent on third parties work and progress is planned but planned completion dates are not until March 2001.

5.3 **Environment**

5.3.1 Forecast Outturn

The latest forecast of £1.181 million compares to the approved programme of £1.304 million. The rephasing of £123,000 is mainly due to the following:-

Contribution to the Riverside scheme (£64,000) - progress has been delayed as the Development Officer post has been frozen.

Local Environmental works (£27,000) – this mainly relates to bus shelters where delays have arisen due to workload.

5.3.2 Actual Expenditure to the end of November 2000

Actual expenditure to the end of November totalled £321,000, (27% of forecast outturn) which mainly related to Humberstone Gate West (£192,000), Riverside Regeneration (£41,000) and Local Environmental Works (£39,000).

5.3.3 Physical Milestones

The main area of work relates to Local Environmental Works; physical milestones for the detailed areas of the programme have been prepared.

5.4 **Single Regeneration Budget**

5.4.1 Forecast Outturn

The level of expenditure forecast is now £2.945 million compared to the approval of £2.683 million. The increase of £262,000 relates to the following:

- a. Additional approvals of £144,000 being received for SRB 2 and 5.
- b. Expenditure on SRB 4 and 5 schemes progressing faster than anticipated resulting in a forecast increase in payments of £355,000. Approval will be sought for the change in expenditure profile.
- c. The increases identified above have been partly offset by forecast payments on SRB 2 schemes reducing by £237,000 due to delays in progress. EMDA have approved the carry forward of resources of up to £400,000 and therefore there will be no loss of resources.

5.4.2 Actual expenditure to the end of November 2000

Actual expenditure was £859,000, (29% of forecast outturn). Expenditure on the major schemes in the programme was as follows:

- a) £ 96,000 - Central Ring Road, St Matthews
- b) £ 52,000 - Wall Renovations at Mere Road and St Peters Road

- c) £ 102,000 - Spinney Hill Park Pavilion
- d) £ 42,000 - Burglary Reduction scheme in Leicester North West

6. Housing

6.1 Forecast Outturn

The level of expenditure forecast is £22.927 million compared to an approval and estimate reported in December of £23.016 million. The net reduction of £89,000 mainly relates to the following:

- a. Additional expenditure relating to the window replacement programme of £834,000 of which £700,000 relates to the capitalisation of window fitting costs previously to be charged to the HRA revenue budget,
- b. Rephasing and savings of £509,000 relating to the Capital Receipts Initiative programme,
- c. Rephasing of £400,000 relating to Renovation and Disabled Facilities Grants, and
- d. The inclusion of a provision of £200,000 for costs relating to Business Continuity Planning for the Document Image Processing scheme.

6.2 Actual Expenditure to the end of November 2000

Actual expenditure was £10.831 million (47% of forecast outturn). Expenditure on the major schemes in the programme relates to a range of

schemes: -

Energy Efficiency Boilers (£1.6 million)
Window Replacements (£2 million)
Tower Block Demolitions (£1 million)
Renovation Grants (£991,000)
Disability Facilities Grants (£673,000)

6.3 Physical Milestones

Milestones for the Tower Block Demolition scheme and the major block sums have been prepared. This identifies that significant progress has been made on the demolition programme and that, in the case of the block sums, most work programmes are more than half way through.

7. Town Clerks and Corporate Resources

7.1 Forecast Outturn

The level of forecast expenditure has reduced from £1.152 million to £1.047 million. This reduction mainly relates to rephasing relating to the Town Hall Programme (£107,000) where the programme of works relating to the heating and ventilation refurbishment cannot be carried out until next financial year due to the need to carry out a full condition survey. In addition it is now unlikely that the work on the refurbishment of the third floor will start before March 2001 as listed building consent is required.

7.2 Actual Expenditure to the end of November 2000

Actual expenditure totalled £567,000 (54% of forecast outturn), which mainly relates to the Town Hall Lift (Courtyard) (£104,000), Central Maintenance fund schemes (£239,000) and the purchase of property required for the relocation of the Registration Office (£150,000).

7.3 Physical Milestones

Milestone information has been prepared for all schemes. This identifies that schemes are generally progressing well. There have been delays in the Town Hall (Courtyard) Lift scheme and the milestones amended to reflect this; in all other cases schemes are progressing as planned.

8. **Social Services**

8.1 Forecast Outturn

The forecast level of payments has reduced by £82,000, to £697,000 this is mainly due to rephasing relating to the following Children's Homes.

124 Wigston Lane Children's Home Refurbishment (£20,000) due to adverse weather conditions delaying external works.

Tatlow Road Children's Home (£27,000) – the start on this scheme was delayed.

126 Wigston Lane (£20,000) this relates to retention payment, which falls due in 2001/02.

8.2 Actual Expenditure to the end of November 2000

Actual payments totalled £165,000, (24% of forecast outturn) which mainly related to the refurbishment of 126 Wigston Lane (£75,000), Elderly Person's Homes (£30,000) and African Caribbean Day Centre Relocation (£21,000).

8.3 Physical Milestones

The planned completion dates for the major schemes have been identified. The milestones and planned completion dates relating to the Childrens Homes have been amended to reflect the latest work programme; all other schemes are progressing as planned.

9. **Capital Receipts**

A capital receipts target of £14.86 million was set for the 3-year period to 31 March 2002. Receipts totalling £3.5 million were generated in 1999/00 leaving a balance of £11.36 million to generate during the period 2000/01-2001/02.

Receipts generated as at 31 December 2001 totalled £672,000 (excluding ringfenced sales) of which £175,000 relates to the sale of operational property and the balance from the sale of non-operational property. Some sales of non-operational property have been deliberately deferred to prevent loss of income.

The value of sales forecast to be generated during the period January to March 2001 total £1.34 million giving a total of £2 million.

As 2001/02 is the final year of the current 3-year capital programme every effort should be made to achieve the capital receipts target and receipts will need to be closely monitored. If a shortfall is anticipated in the projected receipts from operational property the Director of Environment and Development will advise on further sales necessary to achieve the overall target; however the revenue consequences and any other implications of such action will also need to be identified. In practice however, due to slippage in capital expenditure, it should be possible to let the generation of some receipts slip into 2002/03 provided such receipts are achievable and will not prejudice the next three year capital programme.

Directors Board have commissioned a report identifying how the operational property receipts target can be progressed.

10. **Summary**

The level of expenditure of £20.5 million at the end of November is only 45% of the current forecast outturn. The areas of the programme where

expenditure is particularly low are Environment (27%) and Social Services (24%).

If the level of payments forecast is to be achieved schemes will need to be closely managed. Schemes that have not yet started need to be progressed as soon as possible and those schemes that have a planned completion date of March 2001 need to be closely managed. The preparation of milestones and information relating to physical progress should help in managing schemes.

11. Legal and Other Financial Implications.

11.1 Financial implications

There will be no loss of resources as a result of the slippage and rephasing identified.

11.2 Legal implications

None

11.3 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	

12. Consultation

All departments have been consulted through Directors Board.

13. Background Papers

Cabinet

20 November 2000