



Leicester
City Council

Cabinet
Resources and Corporate Issues
Scrutiny Committees

26 June 2006

22 June 2006

2005/06 CAPITAL PROGRAMME - OUTTURN

Report of the Chief Finance Officer

SUPPORTING INFORMATION

1. CAPITAL MONITORING

- 1.1 This report is the final capital monitoring report for 2005/06. Members have already considered reports relating to the period 4, 7 and 9 capital programme position. This report relates to the outturn. As part of the monitoring exercise a full review of all schemes is undertaken.
- 1.2 The report also considers the extent to which the Council is achieving its programme of asset sales, which help fund the programme.
- 1.3 Monitoring information is included in relation to Prudential Indicators.

2. KEY ISSUES

- 2.1 Key issues that have arisen as part of the monitoring exercise are as follows:
- i) **Slippage**
Slippage of £6.399 million has occurred since period 9; total slippage during the year was £21.9 million. However, there has been no loss in resources, as resources will be carried forward to meet payments that have slipped into 2006/07.
 - ii) **Additions and Expenditure Brought Forward**
Increased expenditure has been incurred on a number of schemes for which additional resources have been made available.

iii) **Capital Monitoring Target**

The performance target for capital expenditure, agreed by Cabinet, is for expenditure to be 90% of the approved programme, excluding schemes where there is third party involvement. The outturn position was 82% of the originally approved programme. As a result of significant slippage in a number of areas (as detailed in this report and previous monitoring reports) the 90% target was not achieved. The position can be compared with 2004/05 programme of 87% (although last years measure was based on the programme as approved in January).

3. **OUTTURN**

3.1 The overall financial position for each department is shown in Appendix A.

3.2 Performance is variable across service areas; the slippage and rephasing of £6.4 million relates to the following areas:

	£000
Education & Lifelong Learning	1,185
Regeneration & Culture	3,709
Social Care	17
Resources, Access & Diversity	1,498

In some cases the slippage only relates to a change in the forecast cashflow and not delays to the physical progress and completion dates of schemes.

4. **PROGRESS ON SPECIFIC SCHEMES**

4.1 Details of progress on major schemes in the programme are given below.

4.2 **Education & Lifelong Learning**

4.2.1 Expenditure of £25.28 million was achieved. Whilst slippage of £1.185 million was incurred there have been increases in other areas of the programme. Changes since period 9 and progress on schemes are detailed below.

4.2.2 Additional expenditure of £929,000 million was incurred on the following schemes, for which additional funds were available. The level of additional expenditure is shown in brackets:

a) Modernisation Bids (£138,400)

This relates to an additional scheme at Alderman Richard Hallam Primary costing £127,000, which is being funded by a DFES modernisation grant.

The remaining increase is the result of schools using external income to increase the scope of approved projects.

b) Seed Challenge (£150,000)

This is additional funding paid by the DfES towards Seed Challenge projects, which has been devolved and spent by schools.

c) Specialist Status (£50,000)

Crown Hills Community College has spent £50,000 (funded from external income), in addition to the £100,000 capital grant for Specialist College works.

d) Childrens Centres (£290,000)

The previous forecast included only the grant funded expenditure on these projects. Additional capital expenditure is being funded from revenue sources including: the CMF (£223,000), Education & Lifelong Learning revenue budget for maintaining vacant premises (£10,000), and from schools.

e) Adult & Community Centres – (£20,000)

The final cost of schemes in-year has been slightly higher than previously forecast; this can be funded from capital grant received.

4.2.3 Secondary Review (£166,000)

Additional works have been funded from additional DfES allocations.

4.2.4 Queensmead Amalgamation (£100,000)

Spoil and materials remaining from the Braunstone Leisure Centre building have been removed from the Queensmead Infants site at a cost of £94,000. Funding of these costs has been met by a contribution of £35,000 from Regeneration & Culture department and capital grant.

In addition, costs for the temporary decanting of pupils have been incurred while the building works continue (£6,000); these are being funded by the school.

4.2.5 Projects Devolved to Schools

Responsibility for a number of capital schemes is devolved to schools; this makes forecasting expenditure more difficult. In the following cases the level of expenditure was higher than forecast (by the amounts shown); capital grant is available to meet the level of expenditure achieved:

Devolved Formula - £306,000

Formula Capital - £530,000

Modernisation - £214,000

Schools Access Initiative - £21,000.

4.2.6 Classroom Replacement Programme - £338,000 slippage to 2006/07

The total expenditure on this programme in 2005/06 was £1.84 million. Of this, £1.59 million related to four projects (the level of expenditure is shown in brackets):

a) Green Lane Infants (£580,000).

This main scheme was completed in September 2005 and the demolition of the existing mobiles and external works were completed in the December of 2005. Slippage of £31,000 to 2006/07 is the result of the final contractor payments not being agreed and paid.

b) Marriotts Primary (£239,000)

The project commenced in the middle of January 2006 and is due to be completed in September 2006. The project commenced slightly later than anticipated and the contract has been delayed by one week due to weather conditions. The contractor is currently reprogramming the works and hopes to regain the delay of one week and still complete on time. This has resulted in a slippage of £99,000.

c) St Mary's Field Infants (£279,000)

The project commenced in January 2006 and is due to be completed in August 2006. The project commenced slightly later than anticipated and the contract has been delayed by two weeks due to weather conditions. The contractor is currently reprogramming the works and hopes to regain the delay of one week and still complete on time. This has resulted in a slippage of £50,400.

d) Uplands Infants (£491,000)

The main scheme was completed in October 2005 and the demolition of the existing mobiles and external works were completed in the February of 2006.

4.2.7 Secondary Review – £269,000 slippage to 2006/07

The slippage is on the remaining works at New College. The programme of works, including the works to improve health and safety in the North Block of the school, will continue in the new financial year.

4.2.8 NOF Sports Projects - £97,300 slippage to 2006/07

This is the net slippage across the programme area. The progress on significant individual schemes is as follows:

a) Soar Valley Sports Pitch & Moat Community College Sports Pitch (£80,800 slippage)

These facilities were completed and opened in autumn 2005. However the final accounts with the contractors have not yet been agreed, resulting in slippage.

b) City of Leicester Sports Hall (£87,600 slippage)

Contractors are on site but there have been some delays relating to problems with land drainage on site. It is still planned to have the facility complete in time for the start of the 2006/07 academic year.

c) Sir Jonathan North / Lancaster Tennis Centre (£104,100 brought forward)

Contractors are on site and the work is progressing on schedule towards a June completion date.

d) Outdoor Pursuits Centre (£29,800 slippage)

Discussions are still ongoing between Property Services and the Outdoor Pursuits Centre to resolve issues around the occupancy lease for the site. A new lease is a requirement before the Big Lottery Fund will allow the project to proceed.

4.3 **Regeneration and Culture**

4.3.1 Actual expenditure was £29.578 million. Progress and slippage (shown in brackets) on schemes are detailed below.

4.3.2 Regeneration Division

a) Performing Arts Centre (PAC) (£1.693 million)

Construction work on the PAC started later than the original forecast. This, along with some rescheduling of construction work on site, has led to slippage of £1.693 million into 2006/07. Despite the late start the contractor has not asked for an extension of time and has indicated that those works related to the critical construction programme will have been completed and that the project remains on schedule.

b) Public Realm (£459,000)

This Project is to provide public realm improvements within the Abbey Meadows, Waterside and New Community Intervention Areas identified by the LRC. The works will take place over the period 2005/06 – 2008/09. Expenditure incurred in 2005/06 was £119,000 with slippage of £459,000 into 2006/07.

The programme of works had to be drawn up within the context of a public realm strategy for the city centre; this took longer than expected resulting in delays to a start in works.

c) City Centre Development

Expenditure of £927,000 was incurred in 2005/06 this is £352,000 more than forecast at period 9, and will be funded from resources brought forward from 2006/07. Work began on schemes in Gallowtree Gate and Horsefair Street/Millstone Lane at their junctions with Market Street and Pocklington's Walk in January 2006. Completion is anticipated in July for the latter scheme and September for Gallowtree Gate.

Approximately £2.5million of schemes are due to go on site from July 2006 through to March 2007. Tenders will be sent out later this year to appoint designers (and subsequently contractors) for the remainder of schemes, to be constructed during 2007 and 2008 (£7 million - £9 million).

4.3.3 Highways & Transportation Division

Integrated Transport

The level of expenditure achieved of £7.119 million was £461,000 higher than the period 9 forecast. The Integrated Transport programme was overprogrammed in order to ensure expenditure matches the resource level. However, due to a significant contribution being available from the developers of housing at Thorpe Astley to fund highway improvements; resources of £448,000 are available to carry forward to fund the 2006/07 programme.

Local Environmental Works (£123,000)

The 2005/06 Local Environmental Works programme was not approved until September 2005 and then consultation with members and local residents had to be undertaken. It is anticipated that the schemes from the 2005/06 programme will be completed by 31st May 2006.

Bridge Refurbishment (£110,000)

Work on Braunstone Lane East Bridge has started and is well underway. Due to a delay in signing the contract some contract payments for works were deferred to 2006/07.

Adoption of Private Streets 2005/6 (£87,000)

Objections from residents needed to be resolved before these works could be progressed. These objections have now been resolved and it is anticipated that all schemes will be completed early 2006/7.

4.3.4 Cultural Services Division

Slippage of £930,000 has occurred since period 9, slippage is shown in brackets.

a) Saffron Lane Sports Centre – Gym Transfer to Aylestone (£62,000)

The final payment relating to this completed project will be made in 2006/07 following verification of any defects with the contractor.

b) Saffron Lane New Changing Provision (£241,000)

The slippage of £241,000 is due to tenders exceeding the capital budget requiring substantial re-negotiation to bring the cost back within budget.

c) Welford Road Cemetery (£213,000)

The slippage occurred due to delays in re-tendering the final phase of works. The official opening of the cemetery will be in June 2006.

d) Newarke Houses Museum (£402,000)

Building works are now complete. The exhibition installation will be completed by November 2006. The project has been delayed due to:

- Discovery of asbestos on site;
- Obtaining listed building consent for hydraulic lift;
- Problems encountered with historic fabric;
- Discovery of an underground reservoir; and
- Negotiations required to contain potential increases within the existing budget.

This has resulted in slippage of £402,000 to 2006/07.

e) Museum Collection Reserve (£46,000)

It took longer than expected to carry out the repairs and improvement works and as a result the costs of moving collections to the facility has slipped to 2006/07.

4.3.5 Community Protection & Wellbeing Division

a) Waste Performance & Efficiency Grant 2005/06 (£89,000)

Due to problems in timing, the element of the project related to recycling bins for schools and flats will commence in 2006/07.

b) Public Lavatories

Expenditure of £258,000 was incurred, with slippage of £185,000 into 2006/07. The slippage is due to the review of the new build element of the scheme with a broadening in the scope of works and the associated demolitions of existing facilities requiring planning approval.

4.4 Housing

4.4.1 Expenditure of £48.5 million was achieved. This covered a range of schemes; during the year the following work was completed:

- 634 new kitchens completed;
- 628 bathrooms installed;
- 1,276 new boilers and associated central heating work;
- new windows and doors installed in 2,473 properties; and
- 127 properties were re-roofed.

4.4.2 Changes since period 9 are detailed below:-

4.4.3 Kitchen & Bathrooms

Delays against the original approved programme of £10 million, were not as great as forecast at period 9, due to quicker progress over the last quarter, resulting in increased expenditure of £530,000.

4.4.4 Cladding Midland Housing Consortium Bungalows

Additional work of £205,000 was carried out to speed up the programme using underspends on other projects.

4.4.5 Replacement of Wooden Doors

Delays in the programme of works meant that £560,000 of slippage was taken up by increased level of spending in other areas.

4.4.6 District Heating Pipework

Additional work to the value of £351,000 was carried out to take advantage of grant funding for part of the cost.

4.4.7 Disabled adaptations to Council Dwellings

There was an increase in demand for adaptation work and this work was carried out faster than anticipated, resulting in increased expenditure of £192,000.

4.4.8 Renovation Grants

There was a delay in approval of the policy on new renewal areas which led to an underspend of £465,000.

4.4.9 Dawn Centre

A delay in the settlement of the final payment and lower contingency sums requirement resulted in an underspend of £295,000.

4.5 Social Care & Health

4.5.1 Expenditure of £2.039 million was incurred against a forecast of £1.986 million at period 9. Progress on schemes is detailed below.

4.5.2 Children's Homes (Minor Works)

The programme of works involves the re-furbishment and upgrade of kitchens at Netherhall Road and Dunblane Avenue. Slippage of £36,000 was incurred, mainly due to delays in re-tendering with revised specification and long delivery times on key elements and some faulty/sub-standard goods received.

4.5.3 Learning Disability Day Centre Modernisation (Hastings Road Day Centre and New & Community Bases)

This is a 3 year project, 2005/06 to 2007/08, to be funded by earmarked receipts from the sale of South Lodge and Fosse Day Centres and funding from the Strategic Health Authority. This Scheme has progressed well with £867,000 spent in 2005/06. This includes £67,000 being brought forward from the 2006/07 programme.

4.5.4 Intermediate Care (Brookside & Butterwick House)

Following the tender process the Project Board sanctioned further work for the Primary Care Trusts (PCT's) to look into the affordability of making further changes to Brookside Court to provide 20 clinical intermediate care beds.

Social Care and Health made a revenue contribution of £83,500 to the capital programme, to meet the increase in costs of the scheme. The additional costs relate to design and other preliminary costs associated with the redevelopment of Butterwick House into an Intermediate Care Centre for Adults and Older People.

4.6 Resources, Access & Diversity

4.6.1 Expenditure of £5.495 million was incurred. There was slippage of £1.498 million compare to the period 9 forecast. Progress on schemes is detailed below.

4.6.2 VREE & Lewisher Road Link (£105,000)

The road has been open to traffic for almost a year, and subject to agreement on 'snagging' items should become an adopted highway shortly. There still remain some outstanding works to the Golf Course, where handover has been delayed due to wet winter conditions. Part One claims (i.e. from householders claiming a diminution in their house values as a result of the road) can be made a year following opening of the road, and for a period of 5 years thereafter.

4.6.3 Register Office (£191,000)

The slippage in spend was due to delays in issuing the practical completion certificate to the contractor for non completion of snagging items as requested by the project architect. The certificate has now been issued and the project team are satisfied with the finished contract and have started negotiations to conclude the final account.

4.6.4 Property Maintenance (£292,875)

The programme of works relates to 3 areas:

	P9	
	Forecast	Outturn
	£000	£000
Central Maintenance Fund	1,612	1,370
Property Health & Asbestos Surveys	586	513
Property Rationalisation and Area Reviews	<u>46</u>	<u>67</u>
	<u>2,244</u>	<u>1,950</u>

There has been slippage on Central Maintenance Fund schemes of £242,000, this relates to the following elements of the programme:

a) Six proposed fire alarm system installations were delayed due the lack of availability of suitable contractors, site access issues (schools), and asbestos discovery. These schemes are on site and are scheduled to complete May/June 06. The slippage for these schemes amounted to £75,000, and expenditure incurred was £55,000.

b) Four boiler replacement schemes were delayed due to programming delays and availability of a suitable opportunity to undertake works (schools). Asbestos removal issues have now delayed the completion of these schemes. These schemes are scheduled to complete during the school summer closure. The slippage for these schemes amounted to £167,000, and expenditure incurred was £198,000.

Slippage of £73,000 on Property Health & Asbestos Surveys is due to delays in sending documents out to tender after requests by departments to include a framework agreement. This agreement includes a pre-approved list of consultants for type 2 surveys, analytical services and accredited companies to carry out the removal of asbestos. The tender documentation is now due out in May.

Additional expenditure was incurred relating to Property Rationalisation and Area Reviews in 2005/06, this will be reduced from the 2006/07 budget.

4.6.5 Statutory Services – Lewisher Road (£160,000)

The payment for this is dependent on all works being completed, and is now not expected until 2007/08.

4.6.6 CLABS Review (£66,000)

Expenditure of £699,000 was incurred in 2005/06 compared to the period 9 forecast of £765,000. A report on NWC options was taken to Cabinet in March. Cabinet agreed that 3 of the 5 options detailed in the report should be pursued further; a further report is to be taken to Cabinet.

4.6.7 Video Conferencing (£30,000)

The pilot for the video conferencing project will be at Beaumont Leys library, and amendments to the initial design have been requested. Once secure accommodation is built then the equipment will be purchased.

4.6.8 Water Hygiene

The programme of works includes work at EPH establishments and schools. At period 9, £120,000 of expenditure was forecast, with £220,000 slippage to 2006/07. In March Cabinet approved transferring resources released by slippage to the Performing Arts Centre, and this carry forward is therefore not sought

4.6.9 Bursom Access Road

Cabinet approved this scheme in October at a cost of £555,000. Expenditure of £299,000 was incurred in 2005-06 and the scheme is expected to be completed by May/June 2006.

4.6.10 Science Park (£298,000)

The estimate of costs for this scheme is £618,000. Demolition works and asbestos removal works have progressed well and a claim of £428,000 has been submitted to EMDA for payment.

4.6.11 Glenfield Tunnel Safety Works

The clearance of rubbish from the shafts is complete apart from the one shaft that was recently rebuilt and appears to be full of builders rubbish. Work on this shaft has proved to be particularly difficult to clear, but is now nearing completion.

There has been slippage of £30,000.

4.6.12 Disability Discrimination Act improvements (£170,000)

Total spend of £202,000 was achieved against the period 9 forecast of £372,000. The majority of schemes from the 2004-05 and 2005-06 programmes are almost complete with final invoices outstanding.

5. CAPITAL RECEIPTS

5.1 The target for capital receipts in 2005/06 was £6.8 million (excluding receipts ringfenced for specific schemes). Receipts of £7.3 million were generated. Capital receipts during 2005/06 were, like most years dominated by a few large disposals, namely land associated with the Shires Development and land at Bursom. The over-achievement of capital receipts by £500,000 reflects income being received in advance of forecast and will be carried forward to fund future years programmes.

5.2 Useable capital receipts of £6.93 million were generated from the sale of housing assets.

6. CAPITAL MONITORING TARGETS

6.1 In October 2003 Cabinet agreed a performance target for capital expenditure of 90% of the original programme, excluding schemes where there is significant 3rd party involvement.

6.2 For programmes excluding those schemes with significant 3rd party involvement 82% of expenditure was achieved of the original programme.

7. PRUDENTIAL BORROWING

7.1 Details of schemes to be funded by prudential borrowing and the actual level for the period 2005/06 and the forecast for 2006/07 and 2007/08 are shown below:

Approved Prudential Borrowing

	2005/06 £000	2006/07 £000	2007/08 £000
Corporately Funded			
Property Maintenance	1,989	2,160	3,659
Performing Arts Centre		5,000	4,730
CLABSs	659	3,116	12,090
City Centre Improvements/Public Realm	119	6,621	3,000
Spend to Save			
Wide Area Network	6	500	93
Decriminalised Parking Enforcement	61	333	340
Museums Collection Facility	1,045	196	
Part funding of sports facilities at Aylestone Leisure Centre & Saffron Lane		300	
Mundella Comm College – demolition works	115	26	
Resource Management Strategy		300	1,090
Allotments Strategy		30	
Market Food Court		100	
Car Parking Machines	146		
Fitness Equipment		250	
Other			
Housing – general	10,000	6,000	1,750
Lewisher Road			160
Upperton Road Viaduct	149	812	609
St Margarets Bus Station		180	
Regen & Culture capitalisation	207		
Vehicles in lieu of leasing	<u>2,584</u>	<u>2,000</u>	<u>2,000</u>
Total Prudential Borrowing	<u>17,080</u>	<u>27,924</u>	<u>29,521</u>

7.2.1 The cumulative level of prudential borrowing as a proportion of gross revenue expenditure is shown in the table below (this takes into account anticipated repayments):

	<u>Cumulative Unsupported Borrowing</u> £000	<u>Gross Revenue Expenditure</u> £000	<u>Cumulative unsupported borrowing as % of GRE</u>
General Fund			
2005/06 (actual)	12,609	651,030	1.9%
2006/07 (budget)	31,207	667,590	4.7%
2007/08 (forecast)	54,672	683,988	8.0%
Housing Revenue Account			
2005/06 (actual)	15,760	74,996	21.0%
2006/07 (budget)	21,120	77,731	27.2%
2007/08 (forecast)	21,990	79,002	27.8%

7.3 The revenue costs in 2005/06 relating to approved prudential borrowing were:

General Fund £1.09 million

Housing Revenue Account £838,000.

7.5 The level of prudential borrowing now approved by the Council, including borrowing in 2005/06 and later years is £86.7 million.

8. PRUDENTIAL INDICATORS

8.1 The actual performance in 2005/06 against approved indicators is shown in Appendix B.

8.2 In summary, the Council will not exceed any Prudential Indicators, which were set as limits on the council's activities. There will be variations between actual and expected performance on some PIs due to changes in the forecast level of capital expenditure.

9. SIGNIFICANT SCHEMES

9.1 The following schemes were completed during 2005/06. Details of the schemes and outcomes are detailed below:

9.2 Brite Centre

The opening of the Brite Centre in December 2005 was greeted with acclaim by local residents, and The Braunstone Community Association. Use of the centre

by local residents has been excellent. By the end of March, 25,000 books had been issued and 1,662 new members had joined. Over 200 Adult Learners have registered for a wide range of courses, Early Years have set up regular groups for the under 5's and their carers and Customer Services have answered a growing number of enquiries on council services. Community Services have dealt with a large number of enquiries for use of the community rooms, and have taken many bookings.

In just over 3 months, to the end of March, 30,000 visits had been made to the Brite Centre. Visitors from 2 other council library services have wanted to see what has been done, all were delighted with the building and the partnership which has brought community needs and a range of services together to make such a positive impact.

The final service to open will be the cafe. It is expected that this service will open in the next few weeks. We are confident that a full year's operation will take the Brite to even higher levels of use, meeting the full expectations that residents have had for their new centre.

9.3 Dawn Centre

The Dawn Centre was completed at the end of November 2005, within budget, and residents and staff of the old Nightshelter transferred to the new building in December.

The approved capital budget for the scheme was £3.95 million of which £2 million was met from Government Grant and £617,000 from NRF Grant. The remainder was financed from the Housing capital programme and internal funds.

The Centre provides vastly superior accommodation in 42 rooms, 2 of which are doubles and 6 are for disabled residents.

In addition, ancillary services are now available on-site with advice services, primary health care, mental health services and an outreach service all under one roof.

10. CONSULTATION

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

11. FINANCIAL AND LEGAL IMPLICATIONS

See main report.

12. 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	-

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