



Leicester
City Council

**Cabinet
Resources & Corporate Issues
Scrutiny Committee**

25 September 2006

14 September 2006

2006/07 CAPITAL PROGRAMME MONITORING - PERIOD 3

Report of the Chief Finance Officer

SUPPORTING INFORMATION

1. CAPITAL MONITORING

- 1.1 The Council's Housing capital programme was approved in January 2006, Transport and Corporate programmes in March 2006 and the Education programme in May 2006. This report details the actual level of expenditure to the end of June 2006 and the planned programme of works in 2006/07.
- 1.3 The report also considers the extent to which the Council is achieving its programme of asset sales, which help fund the programme.
- 1.4 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) Expenditure to period 3 and forecast outturn.
Expenditure of £13.5 million had been incurred at the end of period 3, representing 12% of the forecast outturn.
- ii) Slippage
Slippage in payments of £2.7 million is forecast. This mainly relates to the following schemes:

Childrens & Young Peoples Services
Mobile Classroom Replacement programme
Hamilton Review
New Opportunities Fund
Benbow/Crescent Amalgamation

Regeneration & Culture
City Centre Development

Adult & Community Services
Electronic Scanning

Resources
CLABS

- iii) The following schemes have transferred between departments to reflect the new departmental structures and responsibilities:

From Social Care and Health to Childrens and Young Peoples Services:
Barnes Heath
Childrens Homes – minor works
Integrated Childrens Services

From Education and Lifelong Learning to Adult and Community Services:
Highfields Centre
Braunstone Youth House

From Education and Lifelong Learning to Regeneration and Culture:
Hamilton Library
BRITE Centre (Braunstone Library)

All other Education and Lifelong Learning schemes have transferred to Childrens and Young Peoples Services and all other Social Care and Health schemes to Adult and Community Services.

3. POSITION AT THE END OF JUNE 2006 (PERIOD 3)

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

3.2 At the end of period 3, 12% of the 2006/07 programme of £113 million had been spent.

3.3 Performance is variable across service areas; the slippage and rephasing of £2.7 million relates to the following areas:

| | £000 |
|------------------------------------|-------------|
| Childrens & Young Peoples Services | 971 |
| Regeneration & Culture | 1,133 |
| Adult & Community Services | 97 |
| Resources | 500 |

In some cases the slippage only relates to a change in the forecast cashflow and not delays to the 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 Childrens and Young Peoples Services

4.2.1 The approved programme totals £18 million. An increase of £100,000 and slippage of £970,000 are forecast reducing the forecast outturn to £17.1 million. Details of progress on schemes are detailed below.

4.2.2 Expenditure of £100,000 relating to modernisation work devolved to schools has been brought forward from 2007/08, reflecting more accurate profiling of detailed schemes against a provisional programme allocation.

4.2.3 Slippage of £103,000 is forecast relating to the Mobile Replacement Programme. This relates to unallocated funds. A report will be taken to Cabinet in late autumn relating to these unallocated funds.

4.2.4 The detailed specification of the Hamilton Review programme of works has not yet been approved and it is likely to be late in 2006/07 before there is a start on site. A total of £500,000 has been rescheduled to 2007/08.

4.2.5 Preliminary legal work on the Outdoor Education Centre has taken longer than anticipated; now hopefully to be completed in late autumn 2006. Work on site has been rescheduled to start in February 2007 and £219,000 has been slipped into 2007/08.

4.2.6 The amalgamation of Braunstone and Queensmead schools is due to be completed by August 2006 and the amalgamation of Bendbow and Crescent schools by September 2007. Construction work is progressing and on schedule but the demolition of Bendbow Rise Infants is not now planned until the summer of 2007, resulting in slippage of £138,000 into 2007/08.

4.2.7 Expenditure of £1.5 million is forecast in 2006/07 relating to Surestart and Childrens Centres. The expenditure includes completion/retention payments on individual schemes from Phase 1 (£982,000) and the Surestart block allocation. The Surestart expenditure is part of the 2 year capital grant allocation of £4.7million, the details of which are yet to be approved by Cabinet. Proposals associated with this grant include 8 further Children' s Centres (feasibilities for which are being produced); Childcare Strategy – including pre school provision, out of school groupcare, childminding and sustainability schemes, and Extended Services (where half of all primary schools have to provide core extended services by 2010).

4.3 Regeneration and Culture

4.3.1 The approved programme totals £46.1million. Additions, slippage and other changes to the programme have increased the forecast level of expenditure to £47.3 million.

4.3.2 Regeneration, Highways and Transportation Division

a) Performing Arts Centre

The forecast level of expenditure is now £21.977 million, bringing forward £234,000 from 2007/8. As a result of delays in providing design details and because of proposed remedial works to the supporting roof structures, Bovis Lend Lease are likely to request an extension to the completion date.

b) St Georges Infrastructure Liveability

Work has been brought forward against the original plan with an additional £975,000 forecast to be spent in 2006/07; increasing the forecast outturn to £2.397 million. This work is mainly funded through Liveability grant.

c) City Centre Developments

Some elements of the City Centre Development project have slipped into later years due to deferment of some schemes and costs from 2006/07 to 2007/08. Slippage has also occurred because some schemes cannot start until a Traffic Regulation Order to extend the Pedestrian Zone is obtained. If a public enquiry is needed the Traffic Regulation Order could be in July 2007.

Schemes deferred from 2006/07 to 2007/08 (and the estimated cost) are as follows:

| | |
|--------------|----------|
| High Street | £500,000 |
| Bus corridor | £500,000 |
| Way finding | £100,000 |

Design consultants will be appointed in September 2006, and a contractor in November 2006 to ensure that the works will be undertaken in 2007/08.

The forecast level of expenditure in 2006/07 (and the estimated cost) has consequently been reduced by £1.1million to £4.7million.

d) Integrated Transport Block

The approved programme totals £6.9 million; the current forecast is £7.9 million at the end of the year. As in previous years, more transport schemes than necessary have been identified and planned to enable spend to be managed such that by the end of the year actual expenditure matches the resource level. Any overspend at the end of the year will be funded from resources carried forward from 2005/06 to 2006/07 and the 2007/08 allocation.

The main changes to the Integrated Transport Capital Programme are:

i) Pork Pie scheme- this has been deferred

ii) The following schemes have been brought forward:
Saffron Lane - Lydell Road to Sturdee Road
Shires - Mansfield Street Bus Corridor, Abbey Lane Corridor
St.Margarets Bus Station – Information System.

e) Food court

There is an addition in the programme of £100,000 for the Market Food Court. This work will be funded by prudential borrowing with the borrowing costs funded from additional income.

4.3.4 Cultural Services

a) Saffron Lane Replacement Facilities

The new track surface and field reconfiguration has been completed, certification is awaited to confirm that the facilities conform with both the International Amateur Athletics Federation and UK athletics standards.

The Gym at Aylestone Leisure Centre to replace the facilities previously at Saffron Lane is complete and open, providing a diverse range of facilities that meets the demand of both the local and wider community.

The new changing facility at Saffron Lane Sports Centre is complete. The changing block has a club room and extensive changing facilities for both able bodied and disabled athletes.

b) Sports Equipment

There is an addition in the programme of £250,000 for Sports Fitness Equipment. The equipment will be funded by prudential borrowing, with the borrowing costs being funded from additional income.

4.4 **Housing**

4.4.1 The forecast outturn has increased by £357,000 to £38.7 million. The increase is mainly due to the Godstow Walk redevelopment scheme as approved by Cabinet on 13 March.

4.4.2 The level of expenditure at the end of period 3 was £5.75 million. Expenditure has been incurred on a range of schemes including improvements to council dwellings (e.g. replacement of kitchens and bathrooms, central heating boilers, and wooden doors), the Dawn Centre and Disabled Facilities Grants.

4.5 **Adult and Community Services**

4.5.1 The approved programme following transfers between departments totals £1.709 million. The current forecast outturn is £1.612 million

4.5.1 Slippage of £97,000 is forecast relating to the Electronic Scanning project. This project involves the scanning of existing paper files to allow for electronic retrieval. Tenders are being evaluated, possibly to be awarded in September

2006. Slippage is forecast as scanning work will not start until later this year (once the arrangements have been finalised with the selected supplier) and the scanning will take approximately 15 months to complete due to the number and distribution of records held.

- 4.5.2 The programme of works at Elderly Persons Homes includes replacing windows, re-furbishing bedrooms at Arbor, Preston and Herrick Lodge and fitting en suite bedrooms at Arbor House. Other works programmed include re-furbishing shower/toilet facilities, fitting door closers on bedroom doors, minor health and safety prevention works and fitting CCTV at Arbor House and Herrick Lodge.
- 4.5.3 The programme for Learning Disabilities Day Services Modernisation includes:
Layton House - improving the alarm system, fitting equipment, increasing office space and work on the outdoor sensory area.
Fosse Neighbourhood Centre & other community bases - Improving welfare facilities and some health and safety work.
Hastings Road Day Centre - Improving grounds and access work.
- 4.5.4 The programme for Intermediate Care will meet the costs related to design and preliminary activities for the redevelopment of Butterwick House into an intermediate Care Centre.

4.6 Resources

- 4.6.1 The approved programme totals £8.8 million. Slippage of £500,000 is forecast reducing the forecast outturn to £8.3 million. The level of expenditure at the end of period 3 was £740,000. Progress on the main schemes in the programme is detailed below.
- 4.6.2 The VREE and Lewisher Road link road has been open to traffic for over a year. The associated landscaping has also been substantially completed. The final account, retention and payments to statutory undertakers are still outstanding.

The works to the Golf Course are substantially completed with the remodelled tees and greens having been handed back over by the contractor to the City Council.

- 4.6.3 The CLABS programme includes a number of projects. Progress is being made in respect of works relating to the Town Hall Relocation, recabling of Greyfriars, the refurbishment of 16 New Walk, Sovereign House and Phoenix House Reception. Plans are now complete and tenders being sought for the transfer of ICT Services from B Block NWC to Pilot House (the new accommodation will also house the Single Non-Emergency Number team).

Work is continuing on the specification for the NWC design costs relating to the strengthening and refurbishment of NWC. Limited expenditure is being incurred until a final decision is made on the future of these buildings. Expenditure of £500,000 is forecast to slip.

4.6.4 The property maintenance programme of works relates to 3 areas:

| | |
|---|--------------|
| | £'000 |
| CMF | 1,300 |
| Property Health Surveys | 800 |
| Property Rationalisation and Area Reviews | <u>73</u> |
| | <u>2,173</u> |

- CMF - All schemes have been commissioned.
- Property Health Surveys - surveys are progressing well with an estimated expenditure of £80,000 per month.

4.6.5 The invitation to tender for an Electronic Documents Record Management System has been placed in the Official Journal of the European Union.

5. CAPITAL RECEIPTS

5.1 The target for capital receipts in 2006/07 is £4 million (excluding receipts ringfenced for specific schemes), however receipts of £368,000 in excess of the 2005/06 target were generated reducing the 2006/07 target to £3.6 million. Receipts of £2.4 million have already been received. It is anticipated that the target for 2006/07 will be met.

5.2 The target for useable Housing receipts is £6.2 million; it is anticipated that this target will be met.

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 and additions or expenditure brought forward the latest forecast of expenditure is 97% of the original programme.

7. PRUDENTIAL BORROWING

7.1 Details of schemes to be funded by prudential borrowing and the forecast level of expenditure for the period 2006/07 – 2008/09 is shown below:

Approved Prudential Borrowing

| | 2006/07 £000 | 2007/08 £000 | 2008/09 £000 |
|--|----------------------|----------------------|----------------------|
| Corporately Funded | | | |
| Property Maintenance | 2,173 | 2,382 | 1,747 |
| Performing Arts Centre | 5,000 | 4,730 | |
| CLABSs | 2,612 | 12,559 | 9,196 |
| City Centre Improvements/Public Realm | 5,435 | 4,186 | |
| Spend to Save | | | |
| Wide Area Network | 500 | 93 | |
| Decriminalised Parking Enforcement | 190 | 483 | |
| Museums Collection Facility | 195 | | |
| Part funding of sports facilities at Aylestone | | | |
| Leisure Centre & Saffron Lane | 300 | | |
| Resource Management Strategy | 300 | 1,090 | |
| Allotments Strategy | 30 | | |
| Market Food Court | 100 | | |
| Sports Equipment | 250 | | |
| Other | | | |
| Housing – general | 6,000 | 1,750 | |
| Lewisher Road | | 160 | |
| Upperton Road Viaduct | 812 | 1,270 | 1,325 |
| St Margarets Bus Station | 180 | | |
| Vehicles in lieu of leasing | <u>2,000</u> | <u>2,000</u> | <u>2,000</u> |
| Total Prudential Borrowing | <u>26,077</u> | <u>30,703</u> | <u>14,268</u> |

7.2 The Chief Finance Officer is permitted to approve Spend to Save schemes up to £250,000. The following scheme has been approved since Cabinet considered the 2005/06 capital outturn position:

Sports Fitness Equipment (£250,000) - for the provision of fitness equipment in leisure centres.

7.3 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 | 647,698 | 1.9% |
| 2006/07 (forecast) | 29,406 | 667,590 | 4.4% |
| 2007/08 (forecast) | 51,569 | 673,195 | 7.7% |
| Housing Revenue Account | | | |
| 2005/06 (actual) | 15,760 | 66,777 | 23.6% |
| 2006/07 (budget) | 21,120 | 77,731 | 27.2% |
| 2007/08 (forecast) | 21,990 | 79,620 | 27.6% |

7.4 The revenue costs in 2006/07 relating to approved prudential borrowing are:

General Fund £3.2 million

Housing Revenue Account £1.658 million.

7.5 The total prudential borrowing now approved by the Council, including planned borrowing in 2006/07 and later years is £101 million.

8. PRUDENTIAL INDICATORS

8.1 The latest forecast of performance in 2006/07 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 Details of significant schemes planned for completion during 2006/07 are detailed below.

9.2 Sir Jonathan North Tennis Centre

This scheme will provide a four court tennis centre with a synthetic surface, changing rooms and a viewing gallery. The project is anticipated to be completed in Autumn 2006. The total anticipated cost for the scheme is £1.8 million.

9.3 Queensmead Community Primary School

This is a new build 420 place primary school with a 30 place Foundation One unit. There will be 15 classrooms including one Foundation 1 classroom. There will be two interview rooms and a waiting area - to deliver extended services to the community, including health visiting services, speech and language therapy, family support and pre-school activities.

The project is anticipated to be completed at the end of the Aug 2006, with the school opening for the September 2006 term.

9.4 Newarke Houses Museum

Newarke Houses Project has now reached the stage whereby the detailed design brief for the galleries has been completed. The brief focuses on the everyday lives of the people of Leicester since c1900, examining Leicester at peace and war, and exploring the great changes that have occurred over that period. The Project (in partnership with the Royal Leicestershire Regiment) will also explore the history of the Regiment, with an emphasis on the life and times of the ordinary soldier. The general theme of 'Ordinary People, Extraordinary Lives' will underpin the Museum. An important aspect of the re-display will be the involvement of local communities to encourage social cohesion and a shared sense of local pride and cultural identity. The themes also support structured education use by meeting specific needs of schools with regard to the National Curriculum.

Building works are now completed including complete re-decoration of the interior. All the design briefs for the new galleries are also completed and have been handed over to the designers for them to complete the installation packages. It is then planned to have a soft opening in January 2007 followed by a formal opening in spring 2007.

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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