

SCRUTINY COMMISSION – 13TH JULY 2006

REPORT OF THE DIRECTOR OF RESOURCES

CAPITAL PROGRAMME 2005/06

Purpose

1. To inform members of the key achievements in terms of capital investment in 2005/6 and to give an overview of the capital outturn for 2005/6.

Background

2. In 2005/6 Resources Scrutiny Committee received four capital monitoring reports that explained the reasons for the difference between the forecast capital expenditure and the total resources available.
3. This report both describes in detail the key achievements of the capital programme in terms of the significant capital projects that were completed last year and summarises the capital outturn explaining in detail variations from the original programme.

MAIN AREAS OF CAPITAL EXPENDITURE IN 2005/6

Education

4. The main emphasis of the programme in 2005/6 was the replacement of intergrid schools. This is the most significant programme of schools replacement undertaken by the Authority for a number of years. The new school at Castle Rock was opened to pupils after the Easter break and initial feedback is very positive. The Wigston Bushloe school will be open to pupils after the Summer break. Both these schools were completed in time for the scheduled opening dates and include environmentally friendly features that will reduce running costs and CO2 emissions.
5. In addition to the two replacement schools and replacement of mobile accommodation the following projects were also completed;
 - South Wigston High School Sports Hall (£1.6m) and Braunstone Winstanley Community College Multi Use Games Area (£0.2m) – These are lottery funded schemes that were completed in partnership between the schools, County Council and Big Lottery Fund. The facilities have wide community access.
 - Moira Street Youth Centre, Loughborough (£0.37m) – Refurbished accommodation partially financed by the Leicestershire Economic Partnership (LSEP).

- Ravenstone Woodstone (£3.1m) – The new school opened to students in April 2006 and replaced two unsuitable buildings enabling the school to operate on one site.
- Ivanhoe High School, Ashby (£1.7m) – Replacement of temporary accommodation with a new science block.

Highways and Transportation

6. The Department is in the process of compiling the Annual Progress Report (APR) for the Local Transport Plan for 2005/6. Members may recall that the 2004/5 report was assessed by the Department for the Environment and received the seventh highest overall score nationally, including the highest possible score for scheme delivery. Early indications are that the Authority could again achieve a high score in relation to the 2005/6 APR. This in part relates to the fact that LTP resources have been spent with any slippage concentrated in areas funded by external or discretionary resources.
7. The most significant component of the Highways and Transportation programme is highways maintenance. Nearly £10m was spent on highways maintenance last year, which accounts for nearly half of the highways and transportation capital expenditure. This expenditure has resulted in an overall 10% improvement in the condition of the highway as measured by a basket of road and foot network condition indicators.
8. The most significant projects completed last year are set out below;
 - Post House, Narborough Road South, Braunstone – The scheme to improve one of the busiest junctions in the County cost £0.67m, £0.06m under budget. One of the main aims of the scheme was to improve road safety.
 - Syston to East Goscote Cycleway - The scheme was completed at the budgeted cost of £0.32m. The scheme has increased the number of students cycling to Wreake Valley College and as a result additional cycle storage facilities are being considered by the school.
 - Bardon 22 Scheme - These works related to improvements at the Flying Horse roundabout. The scheme cost approximately £0.8m and was completed on time.

Waste Management

9. The main projects completed this year are the improvements to the Loughborough Household Waste and Recycling Site (HWRS) and the Coalville HWRS. Although there was slippage in the completion of both these projects they both opened in Summer 2005. Both these sites were extended and redesigned and now provide easier access and increased facilities for both recycling and waste disposal.

Social Services

10. In 2004/05 the department identified three elderly person's homes in need of some upgrade and modernisation, these were Hadrian, Harvey and Lenthall. The £0.25m, two year programme of improvements was completed during the year.

11. The modernisation of day services for people with learning disabilities continued into the next phase. In 2005/6 new day services units opened in Oadby, Wigston and Blaby. Work also commenced on the next stage of the programme in Charnwood and negotiations are proceeding with a view to creating new day service facilities in Shepshed and Loughborough.
12. The other key element of the 2005/6 programme is the completion of the electronic social care records project. This is on target to be completed in 2006/7.

Community Services

13. The key projects completed this year are set out below. The library refurbishment programme shows early signs of success with increases in visitor numbers and book issues. At this stage, however, it is too early to assess whether this improved performance will be sustained over the longer term.
 - Broughton Astley, a new shopping centre library costing £0.57m opened in November 2005 and since then has recorded a 100% increase in average monthly issues and a quadrupling of visitors. Whilst the project completion was delayed due to a major building problem relating to below site services the overall costs came in on budget for the scaled down project.
 - Ratby, a Community library opened in September 2005 on time and within the revised budget of £0.35m, average monthly issues have shown an 80% increase and visitors have tripled.
 - The works on the Heritage Room, as part of the Bosworth Battlefield project, which were funded in part by the Heritage Lottery Fund, were completed as per the timetable and on budget. The Heritage room was officially launched in May 2006.
 - The Fashion Gallery at Snibston Discovery Park was opened to the public at the end of May 2005. The £817,000 project, funded by the Heritage Lottery Fund, NEXT PLC and Leicestershire County Council was completed on schedule and came slightly under budget.

Resources

14. The most significant ICT capital project was the acquisition of a storage and back up system. This consolidates the storage of data into a single device providing an efficient system for backing up the data. This was installed on time and testing is taking place before the account is settled.

Other Corporate

15. The largest scheme is the replacement of the ESPO Warehouse which was officially opened on time and within budget in June 2006.
16. As a result of the review of BABS/ Customer First projects by the Corporate Change Management Unit expenditure on a number of projects was temporarily halted. Progress was, however, made in the e.procurement project with the successful

implementation of the pilot project in Community Services. In addition, the Braunstone and Charnwood Service Shops were opened in October and November 2005 respectively.

Capital Outturn

17. In 2005/6 capital expenditure of £78.5m was achieved against available resources of £92m. This equates to expenditure of 85% of available resources which is in line with the position reported at the previous review. The table below summarises the position. More detail is set out in Appendix A.

| | Original Programme adjusted for outturn variations and further funding £'000 | Outturn £'000 | (Under)/ Overspend £'000 | Percentage Spend |
|----------------------|--|------------------|--------------------------------|---------------------|
| Education | 43,892 | 36,656 | (7,236) | 84% |
| Highways & Transport | 22,240 | 20,488 | (1,752) | 92% |
| Waste Management | 1,319 | 812 | (507) | 62% |
| Social Services | 1,822 | 1,306 | (516) | 72% |
| Community Services | 4,857 | 3,613 | (1,244) | 74% |
| Resources | 2,402 | 1,558 | (844) | 65% |
| Chief Executive | 125 | 117 | (8) | 94% |
| BABSI | 667 | 315 | (352) | 47% |
| Other | 14,668 | 13,641 | (1,027) | 93% |
| Total | 91,992 | 78,506 | (13,486) | 85% |

18. The majority of the reasons for the underspend have previously been reported to Resources Scrutiny Committee through the regular capital monitoring reports. These are set out in Appendix B. It is worth noting that over 40% of the total slippage relates to the Intergrid schools replacement programme and this mainly is due to phasing of payments and the planned opening dates were not affected. If the impact of rephasing is excluded the expenditure would increase from 85% to 90% of available resources.
19. In 2005/6 and 2006/7 the targeted level of spend is 90% as included in the five Member panel report on improvements to the capital programme. In addition to this target the accuracy of capital monitoring is also reviewed on an annual basis. The 2005/6 target was that the December monitoring report would be more than 95% accurate. The outturn position shows that this report was just over 93% accurate.
20. The Authority set two limits on external debt, the 'authorised limit' and the 'operational borrowing'. The operational boundary of £350m was exceeded by £12m as forward borrowing took place to take advantage of favourable interest rates. This was forecast at the time of the budget and reported to County Council. The prudential indicators are shown in Appendix C.

Conclusion

21. The most notable scheme that was completed last year was the first replacement intergrid school at Castle Rock. In addition, there are a number of successful schemes in other parts of the programme. Undoubtedly progress needs to continue

to be taken in scheme delivery and a report will be considered by this Committee on progress implementing the findings of the Member review into capital programme compilation in the Autumn.

Background Papers

None.

Circulation Under Sensitive Issues Procedure

None.

Officer to Contact

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Scrutiny Reports 2006/CDT/DJP/Capital Payments & Receipts

ACTUAL CAPITAL PAYMENTS 2005/06

APPENDIX A

| | Education | Highways & Transport | Waste Management | Social Services | Community Services | Resources | Chief Executive | Corporate Services (BABS) | Other Capital Items | Total |
|---|-----------|----------------------|------------------|-----------------|--------------------|-----------|-----------------|---------------------------|---------------------|---------|
| | £000 | £000 | £000 | £000 | £000 | £000 | £000 | £000 | £000 | £000 |
| Estimated Payments | 36,656 | 20,488 | 812 | 1,306 | 3,613 | 1,558 | 117 | 315 | 13,641 | 78,506 |
| Resources: | | | | | | | | | | |
| Supported Capital SCE(R) | 20,220 | 16,849 | | 454 | | | | | | 37,523 |
| Government Grants | 7,837 | 221 | | | 47 | 344 | | | | 8,449 |
| Capital Receipts (inc Earmarked) | 452 | 2,120 | 237 | 30 | 81 | 367 | 100 | 198 | 2,000 | 5,635 |
| Resources b/fwd from 2004/05 | 11,772 | 17 | 574 | 393 | 1,136 | 468 | | 323 | 68 | 14,751 |
| Contributions from Third Parties | 1,571 | 2,960 | | 15 | 1,544 | 125 | 25 | 94 | | 6,334 |
| Revenue Funding | 576 | 73 | 45 | 179 | 218 | | | | | 1,091 |
| Unsupported Borrowing | 1,464 | | 413 | 751 | 1,831 | 1,098 | | 52 | 12,600 | 18,209 |
| Total Available Resources | 43,892 | 22,240 | 1,319 | 1,822 | 4,857 | 2,402 | 125 | 667 | 14,668 | 91,992 |
| Resources in excess of Actual Payments | -7,236 | -1,752 | -507 | -516 | -1,244 | -844 | -8 | -352 | -1,027 | -13,486 |
| Payments as a % of Available Resources | 84% | 92% | 62% | 72% | 74% | 65% | 94% | 47% | 93% | 85% |

* Includes ESPO Warehouse

APPENDIX B

Variations from the Original 2005/6 Programme

This Appendix sets out the main areas of slippage since the fourth review was reported to Resources Scrutiny Committee in March and summarises the main areas of slippage, savings, underspends and overspends that have occurred during the year and have already been reported to Scrutiny in previous reports.

Education – variations compared to resources

There is an overall underspend of £7.236m compared to the resources available. This represents a small increase in spend since the third review, compared to resources available of £0.232m.

Slippage during the year

| | |
|--|---------|
| Coalville Castle Rock | £0.036m |
| Enderby Brockington | £0.500m |
| Coalville Warren Hills Children's Centre | £0.46m |
| Wigston Bushloe | £2.003m |
| Shepshed High | £1.063m |
| Oadby Gartree | £0.845m |
| Schools Access Initiative | £0.559m |
| Loughborough Cobden Children's Centre | £0.25m |
| Property Condition Maintenance | £0.543m |

Savings during the year

| | |
|--|---------|
| Learning & Skills Council – Adult Community Learning Grant | £0.096m |
| Great Dalby Primary | £0.152m |
| Clerk of Works staff | £0.078m |
| Other Minor Savings | £0.265m |

Overspends during the year

| | |
|--|---------|
| Coalville King Edward Sports Hall Demolition Costs | £0.1m |
| Ashby Ivanhoe New Science Block | £0.096m |
| Mobile Accommodation | £0.161m |
| NOF PE Sports Programmes | £0.170m |

Highways & Transportation

The total underspend on the programme has reduced slightly by £0.053m since the third review to £1.752m.

Slippage during the year

| | |
|-------------------------------------|--------|
| Thorpe Astley Junction 21 | £0.4m |
| Decriminalising Parking Enforcement | £0.4m |
| De-trunking | £1.35m |

This slippage has been partially offset by better than anticipated progress on some LTP schemes.

Waste Management

The outturn position has varied by only £0.038m with what was anticipated at the third review. The total underspend is £0.507m compared to the resources available.

Slippage during the year

| | |
|--|---------|
| Civic Amenity Sites General Improvements | £0.2m |
| Oadby Household Waste Recycling Site | £0.33m |
| Loughborough Civic Amenity Site | £0.148m |

Savings during the year

| | |
|-------------------|---------|
| Land at Whetstone | £0.113m |
|-------------------|---------|

Social Services

The programme is now underspend by £0.516m, a further £0.101m compared to the third review. This comprises:-

- Reprovisioning of Mountsorrel Day Centre (£0.05m slippage, total £0.1m slippage)
There has been further slippage as some issues surrounding the legal agreement were not concluded before the year end, thus the lease payment has been delayed.
- Long Street, Wigston (£0.018m slippage)
The contractor employed by the Authority has completed the works, but has gone into liquidation and thus the final account has been delayed.

The balance of £0.03m relates to slippage on a number of the Minor Works schemes.

Slippage during the year

| | |
|--------------------------------|---------|
| Electronic Social Care Records | £0.051m |
| Wigston Respite Care Facility | £0.200m |

Community Services

The department has experienced a total underspend of £1.244m compared to resources available which is very similar to that of the third review. Therefore, the variations are as described in the previous reviews.

Slippage during the year

| | |
|---|--------|
| Market Towns/Improvements to County Towns | £0.09m |
| Birstall Library | £0.07m |
| Welcombe Avenue, Braunstone Library | £0.39m |
| Bosworth Battlefield Visitor Centre | £0.65m |

Resources

There is an underspend of £0.844m compared to the resources available, which represents further slippage of £0.290m compared to the third review. The constituents of this further underspend are as follows:-

- ICT (further slippage of £0.317m, total slippage of £0.523m)

Centralised storage and back-up (slippage of £0.187m). The Authority is carrying out final acceptance testing and will not pay the final account until this is satisfactorily completed.

E-Government Transactions Programme & Website/Intranet Scheme (slippage of £0.149m). This is due to a reassessment of requirements in light of the Corporate Change Management Programme and renegotiations with suppliers.

- Corporate DDA (further slippage of £0.04m, total underspend of £0.149m)

The further slippage can be attributed to orders for works at Asfordby and Cosby Libraries not being raised until April.

Slippage during the year

| | |
|-------------|---------|
| County Hall | £0.198m |
|-------------|---------|

Other Corporate & BABS I

The BABS I underspend has reduced since the third review by £0.038m to £0.352m. This is due to better progress than anticipated on the Four Model Service Shops. The Other Corporate Programme underspend has increased since the third review by £0.121m to £1.059m. This is primarily due to retention monies held on the new ESPO Building until the end of the defects period, partially offset by lower than anticipated expenditure on property disposal costs.

Slippage during the year

| | |
|---|---------|
| Loughborough Sport Park | £0.35m |
| Contact Centre | £0.225m |
| e.Procurement and Electronic Document and Records Management System | £0.136m |

Prudential Indicators 2005/6

APPENDIX C

| | Original Indicator | Projection 30/01/06 | Actual 31/03/06 |
|---|--------------------|---------------------|-----------------|
| Actual Capital Financing Costs as a % of Net Revenue Stream | 3.92% | 4.03% | 3.43% |
| Capital Expenditure (£000) | 88,842 | 93,395 | 88,686 |
| Authorised Limit for External Debt (£000) | 375,000 | 375,000 | 375,000 |
| Operational Limit for External Debt (£000) | 350,000 | 362,000 | 362,000 |
| Actual debt as at 31/3/2006 | | | 362,379 |
| Interest Rate Exposure - Fixed | 70%-100% | 81% | 81% |
| Interest Rate Exposure - Variable | 0-30% | 19% | 19% |
| Capital Financing Requirement | 338,000 | 337,093 | 327,805 |