



SCRUTINY COMMISSION – 31ST JANUARY 2002

**JOINT REPORT OF THE CHIEF EXECUTIVE AND
COUNTY TREASURER**

CAPITAL PROGRAMME 2002/03 TO 2004/05

PURPOSE OF REPORT

1. This report provides information on the proposed capital programme for 2002/03 to 2004/05 and sets out the decisions and comments of the Scrutiny Committees thereon.

BACKGROUND

2. The late announcement of the Single Capital Pot (SCP) and other information on capital allocations prevented the prior circulation of the Capital Programme proposals to all members of the County Council. Reports setting out the detailed Capital Programme proposals were circulated to the following Scrutiny Committees covering their respective areas of responsibility for comment:
 - Health and Social Care 21st January
 - Education and Heritage 23rd January
 - Planning and Environment 24th January
 - Finance 25th January
3. The Finance Scrutiny Committee was asked to consider and comment on the budget proposals relating to the Central Departments, and those services not covered by the other Scrutiny Committees. In addition the Committee was asked to comment on general issues including the second review of the 2001/02 Capital Programme.
4. The Cabinet will consider the results of the Scrutiny process at its meeting on 12th February 2002 prior to consideration of the Capital Programme by Council on 20th February 2002.

SINGLE CAPITAL POT

5. The majority of the SCP has been allocated according to needs, on the traditional formula basis. However 5% of the total resources (known as the discretionary element) have been allocated by the regional government offices, following assessment of service plans and council's capital strategies and asset management plans.
6. The allocation of this discretionary element of the SCP has resulted in an allocation of £267,000 to the County Council, the lowest of all the English Counties. This partly

reflects the allocation for needs; Leicestershire Basic Credit approval (BCA) is the seventh lowest of any county.

7. Both the capital strategy and asset management plan were deemed satisfactory whilst the service delivery assessment scores were:

Transport – below average
 Education – average
 Social Services – above average

8. Due to the weighting given to Transportation within the SCP this below average assessment has resulted in a low allocation to the County Council.
9. The Director of Planning and Transportation has been discussing with the Government Office the issues that need to be tackled in order to improve the Transport assessment.

OVERALL RESOURCES 2002/03

10. The following table sets out the resources made available by the Government for the main programme areas, excluding the discretionary component of the single capital pot, together with the resources brought forward from 2001/02 to meet slippage in expenditure as reported in the 2nd review of the Capital Programme.

Government Resources 2002/03

	ACG	SCA*	Grant	Other	Sub Total	B/fwd	Total	2001/2 for comparison
	£000	£000	£000	£000	£000	£000	£000	£000
Education	2,809	3,913	10,001		16,723	1,328	18,051	17,113
Transportation	12,184		685	563	13,432	1,134	14,566	17,747
Social Services	500	150			650		650	561
Environmental, Protective And Cultural Services (EPCS)	105				105	37	142	105
Total	15,598	4,063	10,686	563	30,910	2,499	33,409	35,526

* (Supplementary Credit Approval).

11. Draft basic programmes for 2002/3 for Education and Transportation are presented in line with these resources in Appendix 1.
12. The ACG for EPCS and Social Services together with the discretionary element of the SCP have been added to capital receipts to provide the estimated total of available discretionary resources.

RESOURCES PROVIDED FOR EDUCATION

13. The resources provided include basic need provision, a new specific allocation to support expanding provision in school sixth forms, the first tranche of New Deal for Schools (NDfS) modernisation, continued NDfS Condition allocations and the School Access Initiative programme.
14. The resources set out in the table above also include the following schools capital allocations:

schools devolved capital (£4.067m),
seed challenge (£0.714m), and
and school security (£0.124m)
15. In addition, it is expected that £3m of funding from the New Opportunities Fund will be provided over three years commencing in 2002/03 for the enhancement of sporting facilities within schools.
16. A bid for funding under the DfES Targeted Capital Fund (£1.8m) has been submitted in respect of a scheme to replace special needs provision in the Melton area in support of the overall scheme cost of £2.566m. Decisions upon the allocation of this fund are not expected until February or March. If this bid is successful this will release further resources in the programme for 2002/03 to meet needs identified in the Asset Management Plan.
17. No specific reserve schemes have been included. Priority will be given to an acceleration of the proposed programme of work for 2003/4 in the event of slippage and/or additional resources becoming available.

RESOURCES PROVIDED FOR TRANSPORTATION

18. The decrease in resources compared with 2001/02 reflects progress in the construction of the Ashby by pass.
19. The programme presented is based upon block allocations notified in the LTP settlement. A detailed programme of individual projects to be undertaken from within the various blocks is being compiled and will be subject to approval by Cabinet.
20. With the introduction of the SCP, where funding is by one year BCA the current flexibility provided by the issue of 2 year SCA is being withdrawn. This further underlines the need to deliver the approved programme in each particular year.
21. The funding agreed by DLTR for the Ashby bypass is currently approximately £0.6m less than the projected cost. Further discussions between GOEM and the Director of Planning And Transportation are to be held in order to approve the extra costs associated with delays caused by the foot and mouth disease and additional earthwork costs.
22. Funding for the proposed bypasses of Rearsby and Earl Shilton remains as provisionally accepted subject to completion of the relevant statutory notices. Scheme costs remain as originally estimated. Further consideration will be given by

The Government Office of the East Midlands to the County and City, "Leicester West" Transport scheme in the light of further investigations to be undertaken.

PROGRAMME SUPPORTED FROM DISCRETIONARY RESOURCES

23. The net discretionary resources available for 2002/03 total £3.39m. This is shown below. The earmarked provisions (disposal costs, risk management and capital charges arising from the renewal of property leases) have been deducted in line with previous practice.

Available	£000
Capital Receipt	3,033
SCP Discretionary element	267
ACG EPCS	105
ACG Social Services	500
E Government Grant	<u>200</u>
Sub Total	4,105
Less earmarked expenditure	-215
Less Capital receipts c/fwd	<u>-500</u>
Total Allocated	<u>3,390</u>

24. In arriving at the figure of £3.39m it has been assumed that £0.5m will be retained in the event of the full amount of estimated receipts not being achieved. This is lower than 2001/2 when £865,000 was retained to be carried forward. The continued carry forward of resources is important given the uncertainty surrounding capital receipts.
25. These discretionary resources have to cover all the capital investment requirements of many services as well as supplementing the main Education, Transportation and Social Services programmes. Inevitably the service pressures exceed the limited resources available for 2002/3. In allocating discretionary resources, consideration has been given to the issues being faced by services and these are reflected in the 2002/3 programme and the draft programme for 2003/4 and 2004/5. The allocations from discretionary resources to supplement the Education and Transport programmes are less than in previous years given the magnitude of resources now available for their main programmes.
26. The programme funded from discretionary resources is shown in Appendix 2. Details have been considered by the relevant Scrutiny Committees.
27. Appendix 3 shows the allocation of discretionary resources.

DISCRETIONARY RESOURCES 2003/04 AND 2004/05

28. The largest component of this discretionary sum is capital receipts from the sale of assets. The timing and value of these receipts can be difficult to predict due to a number of factors, in particular, problems that arise from delays resulting from

planning considerations and fluctuations in values associated with changing market conditions.

29. The initial projection of capital receipts for 2003/04 is between £3 to 4m; this is heavily dependent upon the sale one particular parcel of land.
30. The share of the discretionary SCP may increase if the County Council is able to provide evidence of an improvement in the recording and reporting of targets and their achievement, as disclosed in the LTP annual progress report.

EQUAL OPPORTUNITY IMPLICATIONS

31. The recommended programme includes specific provision for access for disabled people and improved access to schools.

DECISIONS/COMMENTS OF SCRUTINY COMMITTEES

32. The comments of the Scrutiny Committees will be circulated to members shortly.

RECOMMENDATION

33. Members are requested to consider the report and any response they wish to make on the Capital Programme for 2002/03 to 2004/05 in light of the comments of the various Scrutiny Committees.

BACKGROUND PAPERS

Letter from DLTR - Notification of Single Capital Pot - 13/12/2001
Letter from DfES - Capital Investment in Schools 2002/03 - 19/12/2001
Letter from DLTR - 2002/03 Local Transport Capital Expenditure Settlement - 13/12/2001
Letter from DH - Personal Social Services - Annual Capital Guidelines 2002/03 - 29/11/2001
Letter from DLTR - EPCS - Annual Capital Guideline 2002/03 - 10/12/2001

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