

## SCRUTINY COMMISSION – 5<sup>TH</sup> NOVEMBER 2008

### REPORT OF THE DIRECTOR OF CORPORATE RESOURCES

#### SECOND REVIEW OF THE 2008/09 CAPITAL PROGRAMME

##### Purpose

1. The purpose of this report is to inform Members of progress on the delivery of the annual capital programme.

##### Background

2. This report provides a further update to the first review of the capital programme that the Commission considered on 23<sup>rd</sup> July 2008.

##### Overall Position

3. The table below shows an underspend of £3.9m compared with the updated original programme. At this stage it is projected that spending will be 95% of the total available resources.

	Total resource adjusted for outturn variations and further funding £'000	Second Review Estimate £'000	(Under)/Overspend £'000
Children & Young People	35,214	30,540	(4,674)
Highways & Transport	28,332	29,266	934
Waste Management	6,396	6,396	-
Adult Social Care	1,317	949	(368)
Community Services	2,428	2,462	34
Corporate Resources	3,877	2,857	(1,020)
Chief Executive	227	227	-
Other Corporate	2,567	3,785	1,218
<b>Total</b>	<b>80,358</b>	<b>76,482</b>	<b>(3,876)</b>

##### Children and Young People's Service

4. Melton Review  
Work on the new £14.8m John Ferneley High School began in September 2008 and is due to complete by Spring 2010. The new school will have a whole range of new

facilities including science and design laboratories, classrooms, dining and assembly halls. It will also incorporate all the latest environmental features including a wind turbine, rainwater recycling system and energy efficient heating and lighting. The design of the school will maximise natural daylight and ventilation and the school grounds will encourage bio-diversity by using recycling schemes and having allotments on site. This will offer 800 places for pupils aged 11-16 years.

5. Work has begun on the extension and refurbishment of Bottesford Belvoir High School. This £6.2m scheme will include an extension which will include a range of science laboratories, general classrooms and a new library. The refurbished school and extension will be completed by September 2009.
6. Works to provide additional classrooms at Croxton Kerrial and Bottesford Primary Schools were completed on time for pupils at the start of the Autumn term this year.

#### Slippage

7. Melton Longfield High School (-£3.198m) - As reported in the first review considerable difficulties in determining the scope of the project have delayed the start until January 2009. Phased completion of the Year 7 areas and the sports hall are on target for completion in September 2009 as originally planned.
8. Mobile Accommodation, Minor Works Basic Need Programme (-£0.512m) - Works to provide additional permanent accommodation at Meadowdale Primary School have been designed and planning permission secured. Construction works are expected to start on 4 April 2009. Slippage has arisen due to accommodating planning requirements on a constrained site. Attempts are being made to accelerate other projects from 2009/10 where these can be completed within 2008/9.

#### Underspend

9. Mobile Replacement Programme 2008/9 (-£0.441m) - Block allocation to replace time expired mobile accommodation. Projects at five schools cannot be completed in 2008/9 due to difficulties in accommodating works during the school term. These works will now take place during the summer term as part of the 2009/10 programme.
10. Property Modernisation Programme (-£0.2m) - Following the receipt of lower than estimated tenders and reductions in estimated final costs on some projects consideration is being given to accelerating projects from the 2009/10 programme, but at this stage this may result in some projects not being completed during the financial year.
11. North West Area Special School - No change compared with the position reported in the first review. The school is on target to complete as planned in December 2008 and will open to pupils in January 2009.
12. Schools Access Initiative Programme (-£0.193m) - The majority of the funding has been allocated, however, an underspend has arisen due to the difficulties in identifying suitable projects that would be educationally and financially viable in the context of the Building Schools for the Future programme and the Primary Capital Programme initiatives.

### Overspend

13. Melton King Edward VII School (+£0.250m) - Detailed design work for the proposed 11-16 school on the Melton King Edward site is currently underway. Funding for the project is dependent on future capital receipts. In the interim there is an urgent need to progress the design of this school to ensure parity of provision with the other three schools in the Melton Review.
14. Bottesford Belvoir High School (+£0.185m) - An overspend is forecast following additional Highway works required by planning conditions. The original estimate for the work has risen to £185,000 following a revision of the Highways works required. This position is being reviewed. The DCSF have advised that these works may not be charged to the main DCSF grant allocation for remodelling and extending the school.

### Re programming of specific grant funded schemes

15. The implementation of the following DCSF grant funded projects are forecast to slip in 2008/9 compared with the resources profiled in the capital programme. Grant will be reprofiled to 2009/10 to match the revised estimated spending profiles.
16. Melton John Ferneley (-£2.735m), Melton Post 16 Centre (-£2m) and Bottesford Belvoir (-£0.332m) - All three major projects are on target to complete as originally planned, however, following a review of the likely profile of payments resources will need to be reprogrammed to 2009/10.
17. Early Years & ChildCare Programme (-£1.297m) & Children's Centres Phase 3 Programme -£0.817m. Both programmes are three year programmes funded by the DCSF where resources may be managed over the three years. Works are well under way on the identification of suitable projects.
18. Extended Schools Programme (-£0.316m) - Programme funded by Standards fund grant which is available to 31 August 2009. A number of small projects will not be completed during 2008/9, but will compete by the grant deadline.

### Highways and Transportation

#### Melton Junction Improvement

19. The final stage of works to ease congestion in Melton town centre have been completed. This £1.5m project to improve key junctions along Norman Way is designed to reduce traffic queues. The improvements include state of the art traffic signal equipment, extra lanes, new cycle lanes as well as pedestrian crossings to help tackle congestion, keep traffic moving and reduce accidents.

#### Overspend

20. It is estimated that the Earl Shilton Bypass will overspend by £1.8m in 2008/09 and based solely upon the contractor's claims, the overall costs will overspend by £3.6m. However, the final cost of the scheme will be the subject of full evaluation and negotiation so this level of predicted overspend should be treated with caution. As

reported at the first review, there is a request for additional funding to be decided by DfT. The works are due to complete in February 2009 as previously reported.

21. The overspend projected by Carillion, the main contractor, has arisen from a combination of the following factors, including;

Delays arising from the archaeological survey, environmental issues, additional resources on site arising from the wet August, areas of running sand requiring the input of rock, unforeseen increases in aggregate and diesel taxes and changes to the design of compensating wash land arising from changing Environment Agency requirements.

22. A request for additional government grant of £2.5m, has been submitted, based upon these delays. The request has the support of the East Midlands Regional Assembly.
23. Any eventual shortfall in funding following contractual negotiation and a decision on the additional government grant will have to be met by reductions to the programme of new works funded from the LTP during 2009/10.

#### Slippage

24. There will be slippage of £0.4m on the Loughborough Town Centre Scheme. This is due to a delay in the Department for Transport reaching its decision on whether the scheme merits programme entry.
25. As reported in the first review the re-profiling of the expenditure on the Enderby park and ride scheme, means that there will be slippage in the 2008/09 capital programme of £1.1m. However work will start on this scheme in January 2009 and this is on course to complete in October 2009 as planned.

#### Acceleration

26. There will be acceleration, from the 2009/10 capital programme, of the £0.5m remedial work required to the county roads in the Stapleford and Whissendine area. The highway maintenance work will be carried out to repair damage caused by lorries driving to and from the waste transfer station just outside Whissendine.

#### Birstall Park and Ride

27. The future of this scheme is under review because of the state of the housing market

### **Waste Management**

#### Bardon Site

28. Land at Bardon has been purchased by the Council from an earmarked reserve. This is a potential site for a waste treatment facility subject to the current procurement process.

## **Adult and Social Care**

### Learning Disability Respite Care - Melton

29. The new respite care facility, in Melton, became operation on 13<sup>th</sup> October 2008. The new facility replaces the existing Silverdale Hostel with a modern and safe environment, accommodating people with learning difficulties for short periods of time, as a means of 'respite' to their carers.
30. Replacement of Norman Way Day Centre - Melton

The extension at Gloucester House, owned by Age Concern, opened in September 2008. The former premises at Norman Way Day Centre have now been sold.

### Disabilities – Replacement of Mountsorrel Day Centre (Slippage of £173,000)

31. A possible third site has been identified in Loughborough. Before a planning application is made, Property Services will design the plans to meet the requirements of the service user. It is unlikely that work will commence on site in the current financial year. A search is continuing for suitable locations for the fourth and fifth sites.

### Learning Disabilities Modernisation (Slippage of £222,000)

32. The North West Leicestershire area programme is unlikely to spend all of the allocation in the 2008/09 capital programme. The anticipated slippage is £145,000. This is due to delays in finding suitable sites although this forecast could change at any time.
33. The Hinckley and Bosworth area programme is similarly unlikely to incur expenditure this financial year. This will result in slippage of £76,000 from the 2008/09 capital programme. The original plan was to reconfigure the Millfield building but it has now been decided that using alternative premises would be the best way to provide the service. A request will go to Property Services to begin the process of identifying possible sites.

## **Community Services**

### Oadby Library

34. The new state of the art library in Oadby is due to open on the 12th November 2008. The use of Wi Fi for general public internet access has enabled more space to be made available for other activities in a building that is much larger than the current library. The improved facilities include a community meeting room, hot drinks facility, areas for teenagers and children and ICT training facilities. This is the tenth new Library to be built by the County Council. The £5m invested by the Council in new libraries and improving services has been a success. Despite national trends of declining issues of books, the County Libraries have seen an increase in issues and an increase in children using the libraries.

### Newbold Verdon Library

35. Building work for the new library and community facility has started with an expected completion date of March 2009. After extensive community consultation the new building will offer a range of library services as well as family learning, homework help and support life long learning. The £830,000 Big Lottery funded project is on schedule and to budget.

### **Corporate Resources**

#### Corporate DDA (Slippage of £28,000)

36. There has been good progress made on various projects in the corporate DDA programme this year. Projects that will complete this year include work at Greenhill Young Peoples Centre that will provide a larger lobby area, new entrance door and a new accessible toilet. The project work at County Hall to improve canteen access is subject to reconsideration in the context of the office accommodation strategy..

#### County Hall – Replacement Sports Facilities (Slippage of £728,000)

37. The redevelopment of the sports facilities and playing fields is unlikely to commence in this financial year due to uncertainty over the purchase of the existing playing fields by the hospital.

#### County Hall – Eastern Annexe Refurbishment

38. Work on the refurbishment of the Eastern Annexe building has made good progress and is on schedule to complete in January 2009. This building will accommodate the new employee service centre and eventually the new Shared Financial Service Centre.

### **Other Corporate**

#### Change Management

39. Key projects within the change management programme for this year include: Customer First, Oracle E-Business Suite, Modernising HR and Payroll, Facilities Management and the End User ICT Asset Management project.
40. There has been good progress made this year on the Customer First project. A new customer service centre at Wigston Library was opened at the end of September. This centre will enable a more efficient and convenient service for the local community.

#### Acceleration

41. It is forecast that there will be £2.9m expenditure on the Change Management programme in the current financial year, compared with an original forecast of £0.8m. This will partly be funded by an acceleration of £1.2m resources from the 2009/10 capital programme. The forecast overspend of £0.877m will be funded from earmarked revenue reserves.

### **Capital Receipts**

42. The downturn in the property market is likely to result in a significant reduction in the proceeds of sale. The latest projection shows a sum of £1.2m compared with an original forecast of £6m.
43. This shortfall in receipts is unlikely to impact upon the borrowing requirement in the current financial year.
44. If the property market remains depressed for the next two years or more the existing 3 year capital programme will need to be reviewed.

### **Conclusion**

45. Overall the aim is that 95% of available resources should be spent in year. At present the anticipated year end position is 95%. It is a positive note to be forecasting to be on target and it is hoped that this result will be achieved. A further clearer position will emerge when the third review is undertaken and reported in January 2009.
46. The policy of encouraging any further acceleration of projects from future year programmes to replace slippage arising this year may have to be reconsidered at present because of the financing issues arising from the downturn in capital receipts referred to above.

### **Recommendation**

47. The Commission is asked to note this report.

### **Equal Opportunities Implications**

48. The Capital programme contains specific provision to ensure that existing County Council buildings are DDA compliant. In new builds there are requirements in place to ensure DDA compliance.

### **Background Papers**

49. Nil

### **Circulation under the Sensitive Issues procedure**

50. None specifically for this report. The Capital programme affects all areas of the Council and as such copies of the programme are circulated to all members following approval of the programme by the County Council.

### **Officer to Contact**

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