

2006-07 CAPITAL PROGRAMME BUDGET MONITORING

Summary

1. The revised forecast for 2006-07 as at 30th November totals £51,801,000, which is a decrease of £8,002,000 from the September forecast. The main reason for this decrease is a reduction in both Corporate Accommodation (£3,800,000) and Herefordshire Connects (£4,503,000). The expected use of Prudential Borrowing has decreased by £7,920,000 as result of this. This will cause slippage on capital financing costs incurred in the revenue budget this year.
2. Each individual capital project has an expected spend profile and expected spend totalled 58% of the revised forecast. The actual spend of £25,361,000 represents 49% of the revised forecast. Including commitments this rises to 55% of the revised forecast. The under spend to date mainly relates to the expected spend on Herefordshire Connects not being incurred. A summary of the expenditure for each service area is set out in table D2.

Capital Receipts Reserves Position as at 30th November 2006

3. The capital receipts reserve totals £14,696,000, £5,754,000 of which is ring fenced to housing. The remaining balance is earmarked, along with expected future capital receipts, to fund the next three financial years capital budget including Corporate Accommodation costs of £8,256,000.

DIRECTOR OF CHILDREN AND YOUNG PEOPLE'S SERVICES

Directorate Summary as at 30th November 2006

Budget Reported as at 30 th September 2006	£11,690,000
Capital Budget Increases	
• School Building Improvements (new budget)	£150,000
Capital Budget Decreases	
• Weobley High Sports Hall (slippage)	(£200,000)
Other budget revisions (<£100k)	(£48,000)
Revised Budget	£11,592,000

4. The school building improvements budget is to be funded through a revenue contribution. The various building project works are being undertaken to reduce future revenue insurance costs.
5. The Weobley High sports hall works are scheduled for completion in March, spend and funding have been re-profiled to reflect this.
6. The predicted funding shortfall has been delayed by the offer of an advance of formula capital grants. This is not extra funding but the early receipt of future funding allocations. This position will be reviewed regularly through the capital monitoring process.

DIRECTOR OF RESOURCES

Directorate Summary as at 30th November 2006

Budget Reported as at 30 th September 2006	£5,726,000
Capital Budget Increases	
• Purchase of Franklin House (new budget)	£1,256,000
Capital Budget Decreases	
• Leominster Broad St Car Park (slippage)	(£114,000)
• Salix Fund (slippage)	(£120,000)
• Corporate Accommodation (reduction)	(£3,800,000)
Other budget revisions (<£100k)	£11,000
Revised Budget	£2,960,000

- Franklin House is being purchased as part of the Edgar Street Grid development. This purchase is being funded through grant from Advantage West Midlands.
- Leominster Broad Street car park work has slipped due to only testing works being carried out this year. The Salix Fund 'invest to save' energy costs projects will carry on into next year. The funding of these schemes has been carried forward.
- The purchase of Plough Lane offices budget has been removed; subject to developments in the accommodation strategy. This highlights the close links between capital financing issues and the Medium Term Financial Management Strategy (MTFMS). The accommodation strategy capital financing costs are included in the MTFMS at a level of £146,000 in 2007-08. This is now being reviewed.

DIRECTORATE OF CORPORATE AND CUSTOMER SERVICES

Directorate Summary as at 30th November 2006

Budget Reported as at 30 th September 2006	£12,245,000
Capital Budget Decreases	
• Herefordshire Connects (no spend)	(£4,503,000)
Revised Budget	£7,742,000

- There has been no updated forecast provided in this round of capital monitoring however the Herefordshire Connects spend has been reduced to an estimate of £4,000,000 due to no spend being incurred to date. As with the issues raised in the accommodation strategy section a similar link with the MTFMS exists for Herefordshire Connects where £1.336m is included for capital financing costs in 2007-08.

DIRECTOR OF ENVIRONMENT

Directorate Summary as at 30th November 2006

Budget Reported as at 30 th September 2006	£13,810,000
Capital Budget Decreases	
• Crematorium (slippage)	(£423,000)
• Safer Routes to Schools (slippage)	(£112,000)
Other budget revisions (<£100k)	£112,000
Revised Budget	£13,387,000

11. The capital forecast has been reviewed and changed slightly to accommodate the slippage identified on the St Thomas Cantilupe and St Martins safer routes to schools schemes.
12. The Crematorium forecast has slipped to reflect that a contractor has not yet been appointed. Tenders are under review and a contract should be awarded shortly.

DIRECTOR OF ADULT AND COMMUNITY SERVICES

Directorate Summary as at 30th November 2006

Budget Reported as at 30 th September 2006	£16,330,000
Capital Budget Decreases	
• Social Care ICT Development (slippage)	(£132,000)
Other budget revisions (<£100k)	£78,000
Revised Budget	£16,120,000

13. Social Care ICT development is now part of the Herefordshire Connects programme, funding has been carried forward.

TABLE D1

FUNDING OF REVISED 2006-07 CAPITAL PROGRAMME

Capital Programme Area	2006-07 Revised Forecast 30/09/06	SCE(R)	Prudential Borrowing	Grant	Revenue Contribution	Capital Receipts Reserves	Unfunded
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Children & Young People's Services	11,592	2,459	2,000	4,305	342	2,486	-
Resources	2,960	-	251	1,567	30	1,112	-
Corporate and Customer Services	7,742	-	7,472	270	-	-	-
Environment Services	13,387	10,475	2,034	801	-	77	-
Adult and Community Services	16,120	217	4,130	7,528	17	4,228	-
Total Revised Forecast	51,801	13,152	15,887	14,471	388	7,903	-
<i>September 2006 Forecast</i>	<i>59,803</i>	<i>13,152</i>	<i>23,807</i>	<i>13,209</i>	<i>378</i>	<i>9,257</i>	<i>-</i>
<i>Change from September Forecast</i>	<i>(8,002)</i>	<i>-</i>	<i>(7,920)</i>	<i>1,262</i>	<i>10</i>	<i>(1,354)</i>	<i>-</i>

<u>Reported to date</u>							
<i>Original Budget</i>	<i>37,015</i>	<i>13,197</i>	<i>9,499</i>	<i>9,431</i>	<i>33</i>	<i>4,855</i>	<i>-</i>
<i>July 2006 Forecast</i>	<i>60,671</i>	<i>13,152</i>	<i>23,491</i>	<i>13,483</i>	<i>96</i>	<i>10,410</i>	<i>39</i>
<i>September 2006 Forecast</i>	<i>59,803</i>	<i>13,152</i>	<i>23,807</i>	<i>13,209</i>	<i>378</i>	<i>9,257</i>	<i>-</i>
<i>November 2006 Forecast</i>	<i>51,801</i>	<i>13,152</i>	<i>15,887</i>	<i>14,471</i>	<i>388</i>	<i>7,903</i>	<i>-</i>

TABLE D2

CAPITAL EXPENDITURE BY PROGRAMME AREA

	Outturn	Original Budget	Revised 2006-07 Forecast as at 30/11/06	Actual spend at 30/11/06	Actual spend as a % of the revised forecast	Committed Spend as a % of the revised forecast	Expected spend as a % of the revised forecast
Programme area	2005-06	2006-07	2006-07	2006-07	2006-07	2006-07	2006-07
	£'000	£'000	£'000	£'000	%	%	%
Children & Young People's Services	7,907	8,048	11,592	6,707	58%	58%	54%
Resources	662	520	2,903	602	21%	21%	48%
Corporate & Customer Services	4,623	1,760	7,742	2,003	26%	26%	48%
Environment Services	10,288	12,554	13,387	6,099	46%	65%	60%
Adult & Community Services	8,365	14,133	16,120	9,950	62%	66%	67%
Total	31,845	37,015	51,801	25,361	49%	55%	58%