

## 2007/08 CAPITAL PROGRAMME BUDGET MONITORING

### Summary

- The capital programme forecast for 2007/08 as at 31<sup>st</sup> July totals £62,433,000, which is a decrease of £3,029,000 from the original capital programme forecast. This decrease represents capital budget changes following the closedown of the 2006/07 capital accounts and is mainly in relation to Herefordshire Connects expenditure re-profiling as advised by the preferred partner. Expected use of Prudential Borrowing has decreased by £12,330,000 as result of this, which will cause slippage on capital financing costs incurred in the revenue budget this year. A summary of the overall position is provided in table D1.
- Each individual capital project has an expected spend profile and expected spend totalled 33% of the revised forecast although actual spend of £7,054,000 to date represents only 11% of the revised forecast due to expected Herefordshire Connects and Minster School Replacement capital spend not being incurred to date. A summary of the expenditure for each service area is set out in table D2.
- A summary of the Prudential Borrowing position for 2007/08 is set out below.

200708 Original Prudential Borrowing Allocation		£16,995,000
Add: Slippage from 2006/07		£16,288,000
Less: Slippage into future years	(£17,220,000)	
No longer required	(£12,000)	
Funded by available SCE(R)	(£125,000)	(£17,357,000)
Forecast use of Prudential Borrowing in 2007/08		<u>£15,926,000</u>

### Capital Receipts Reserves Position as at 31<sup>st</sup> July 2007

- The capital receipts reserve currently totals £21,734,000, which will be used to fund £10,709,000 of expected capital expenditure in 2007/08. The remaining balance will be used to fund future year's capital programme including affordable housing, Rotherwas futures and cattle market.

### DIRECTOR OF CHILDREN AND YOUNG PEOPLE'S SERVICES

#### Directorate Summary as at 31<sup>st</sup> July 2007

Original Budget Reported	£11,420,000
Capital Budget Decreases	
• Minster School Replacement (re-profiling)	(£2,949,000)
Capital Budget Increases	
• Sutton Primary School Replacement (slippage from 2006/07)	£1,208,000
• Hereford City North Children's Centre (new)	£975,000
• Golden Valley Children's Centre (new)	£490,000
Other budget revisions (<£250k)	£839,000
Revised Budget as at 31 <sup>st</sup> July 2007	<u>£11,983,000</u>

5. The Minster school replacement has a tender list waiting for invitation, details of the scheme are being considered, the expected spend in this year has been reduced with spend expected to continue into 2009/10.
6. The Sutton Primary School Replacement budget has increased following slippage from 2006-07 carried forward into 2007-08 reflecting the revised cashflow submitted by the successful contractor.
7. Hereford City and Golden Valley children's centre budgets are funded by capital grant and to be used to provide a total of five centres before 31<sup>st</sup> March 2008.
8. Not included above are devolved formula capital grants of £2,898,000 which have been allocated to individual schools on a formula basis. The monitoring of this capital expenditure will fall within future rounds of capital monitoring.

## **DIRECTOR OF RESOURCES**

### **Directorate Summary as at 31<sup>st</sup> July 2007**

Original Budget Reported	£2,334,000
Capital Budget Decreases	
• Herefordshire Cattle Market (expected slippage into 2007/08)	(£500,000)
Capital Budget Increases	
• ESG Property Purchase (new budget)	£1,350,000
Other budget revisions (<£250k)	(£106,000)
Revised Budget as at 31 <sup>st</sup> July 2007	£3,078,000

9. The new cattle market site works are in the design stage and part of the original expected expenditure this year has been deferred into next year.
10. Property purchases under the Edgar Street development are wholly funded by capital grant.

## **DIRECTORATE OF CORPORATE AND CUSTOMER SERVICES**

### **Directorate Summary as at 31<sup>st</sup> July 2007**

Original Budget Reported	£20,406,000
Capital Budget Decreases	
• Herefordshire Connects (re-profiling)	(£12,682,000)
Other budget revisions (<£250k)	£219,000
Revised Budget as at 31 <sup>st</sup> July 2007	£7,943,000

11. Herefordshire Connects capital spend has been reduced to reflect the preferred suppliers expected cashflow.
12. The Info by Phone capital scheme overspent in 2006/07 and costs are still being incurred in 2007/08. Total additional PB of £36,000 (2% of the approved budget) is

expected to be required to fund this overspend.

## DIRECTOR OF ENVIRONMENT

### Directorate Summary as at 31<sup>st</sup> July 2007

Original Budget Reported	£19,206,000
Capital Budget Increases	
• Rotherwas Access Road (budget increase)	£7,600,000
• Flood Defences Hereford (new)	£2,306,000
• Highways Maintenance (budget increase)	£438,000
Other budget revisions (<£250k)	£110,000
Revised Budget as at 31 <sup>st</sup> July 2007	£29,660,000

13. The Rotherwas Access Road budget increase follows the award of contract and is to be funded by part capital grant, part LTP allocation and part capital receipts generated by site sales.
14. Hereford flood defence work is funded by S106 contribution with works being provided by Defra.
15. The Highways Maintenance budget has been increased representing additional LTP funding allocation.
16. Hereford City Enhancements are expected to require additional funding of approximately £1m to complete the city centre works (specifically on Widemarsh St, Commercial St and St Peters St), a bid for additional funding will be submitted in due course.

## DIRECTOR OF ADULT AND COMMUNITY SERVICES

### Directorate Summary as at 31<sup>st</sup> July 2007

Original Budget Reported	£12,096,000
Capital Budget Increases	
• Rotherwas Futures Estate Development work (new)	£900,000
• Aylestone Hill (slippage from 2006/07)	£411,000
Capital Budget Decreases	
• Extra Care Housing Development (budget decrease)	(£1,148,000)
• Affordable Housing Grants (re-profiling)	(£1,500,000)
• Ross Library (slippage)	(£700,000)
• Integrated Community Equipment (slippage)	(£300,000)
Other budget revisions (<£250k individually)	£407,000
Revised Budget as at 31 <sup>st</sup> July 2007	£10,166,000

17. Rotherwas Futures Estate Development work could fluctuate as the work required is yet to be fully specified and costed.

18. Aylestone Hill works have slipped from last year into 2007-08 due to delays in receiving Environment Agency consent.
19. The Extra Care Housing Development reduction towards additional costs as detailed in a separate report will be funded through developer contributions with a 10% retention being held until the project completes next year.
20. The affordable housing grants re-profile represents the committed programme of works for 2007/08 total of £2,000,000.
21. Ross library successful capital bid budget has been re-profiled to recognise that only fee costs should be incurred this year due to the scheme still being in its feasibility stage.
22. Integrated Community Equipment Store successful capital bid allocation towards premises changes is on hold awaiting results of market testing of the service.

TABLE D1

## FUNDING OF REVISED 2007/08 CAPITAL PROGRAMME

Capital Programme Area	2007/08 Revised Forecast 31/07/07	SCE(R)	Prudential Borrowing	Grant	Revenue Contribution	Capital Receipts Reserves
	£'000	£'000	£'000	£'000	£'000	£'000
Children & Young People's Services	11,983	2,163	2,275	4,550	-	2,995
Resources	3,078	-	376	1,502	-	1,200
Corporate and Customer Services	7,943	-	7,943	-	-	-
Environment Services	29,660	7,582	3,461	15,914	54	2,649
Adult and Community Services	9,769	218	1,871	3,815	-	3,865
<b>Total Revised Forecast</b>	<b>62,433</b>	<b>9,963</b>	<b>15,926</b>	<b>25,781</b>	<b>54</b>	<b>10,709</b>
<i>Original Forecast</i>	<i>65,462</i>	<i>9,963</i>	<i>28,256</i>	<i>18,358</i>	<i>170</i>	<i>8,715</i>
<i>Change from Original</i>	<i>(3,029)</i>	<i>-</i>	<i>(12,330)</i>	<i>7,423</i>	<i>(116)</i>	<i>1,994</i>

<b><u>Reported to date</u></b>						
<i>Original Budget</i>	<i>65,462</i>	<i>9,963</i>	<i>28,256</i>	<i>18,358</i>	<i>170</i>	<i>8,715</i>
<b><i>July 2007 Forecast</i></b>	<b><i>62,433</i></b>	<b><i>9,963</i></b>	<b><i>15,926</i></b>	<b><i>25,781</i></b>	<b><i>54</i></b>	<b><i>10,709</i></b>

**TABLE D2**

**CAPITAL EXPENDITURE BY PROGRAMME AREA**

	<b>Outturn</b>	<b>Original Budget</b>	<b>Revised 2006/07 Forecast as at 31/07/07</b>	<b>Actual spend at 31/07/07</b>	<b>Actual spend as a % of the revised forecast</b>	<b>Committed Spend as a % of the revised forecast</b>	<b>Expected spend as a % of the revised forecast</b>
<b>Programme area</b>	<b>2006/07</b>	<b>2007/08</b>	<b>2007/08</b>	<b>2007/08</b>	<b>2007/08</b>	<b>2007/08</b>	<b>2007/08</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>%</b>	<b>%</b>	<b>%</b>
Children & Young People's Services	9,008	11,420	11,983	1,166	10%	12%	35%
Resources	2,369	2,334	3,078	320	10%	10%	34%
Corporate & Customer Services	3,807	20,460	7,943	719	9%	9%	33%
Environment Services	13,197	12,096	29,660	3,627	12%	42%	30%
Adult & Community Services	12,567	19,206	9,769	1,222	13%	23%	35%
<b>Total</b>	<b>40,949</b>	<b>65,462</b>	<b>62,433</b>	<b>7,054</b>	<b>11%</b>	<b>28%</b>	<b>33%</b>