

Appendix B

2008/09 DECEMBER CAPITAL PROGRAMME BUDGET MONITORING

OVERALL SUMMARY POSITION

1. The capital programme forecast outturn for 2008/09 as at 31st December totals £65,754k, which is an increase of £5,059k from the last round of capital programme forecast monitoring reported in September.
2. This increase follows the inclusion of the following additional capital schemes;
 - Herefordshire Connects budgeted capital spend of £3,331k in this financial year (which includes capital team costs) as agreed in a separate report to Cabinet presented on the 20th November.
 - The repayment of the Right to Buy receipt share of £879k back to Herefordshire Housing for the completed redevelopment work at Woodedge and Archenfield.
 - Capital works commenced at Barrs Court school for the new hydrosense facility of £721k.
3. A summary of the overall capital programme expenditure forecast and funding thereof for 2008/09 is provided in table D1.
4. Detailed capital programmes for directorates are reported to the relevant scrutiny committee. Details of total capital scheme costs, funding, spend to date and any potential issues for capital schemes with a revised forecast spend for 2008/09 exceeding £500k are provided in table D2.
5. Actual total spend to date is £32,183k to the end of December, representing 49% of the total expenditure forecast. This low level of spend is partly due to the total expenditure forecast including the following items;
 - The late in year approval of spend on Herefordshire Connects;
 - No spend against the £3,250k corporate accommodation capital expenditure forecast;
 - A forecast spend of £3,056k on the new livestock market provision for which the Council is waiting external confirmation of total scheme cost following which approval will be sought to commence spend;
 - £2,527k of funding available is included as an expenditure forecast although this has not yet been allocated to a capital scheme.

The effect of this low spend impacts on the revenue account because any borrowing requirements are being delayed, which results in less revenue interest charges.
6. During the monitoring period a contractor directly involved in two capital construction schemes went into liquidation. The capital schemes involved are Riverside school and the extra care housing development. The new Riverside school has been constructed in phases with approximately two thirds of the works complete however there are a number of contractors interested in taking this contract through to

completion. Advertisement will be submitted shortly, followed by a selection process so work should start again on site before Easter. The new school should be ready for handover before the new term with all demolition works expected to be completed before the end of the calendar year. The extra care housing development in Hereford is lead by Elgar Housing Association because of this the scheme risks have been transferred to the association. This scheme is almost complete except for some snagging and landscaping works.

7. Approval of eligible grant funding towards the Ross flood alleviation scheme has now been received, with a revised financial position statement and profile being provided to the Environment Agency which will detail potential risks associated with the contract. The scheme is complete with an opening ceremony to be arranged in February.

Prudential Borrowing Position as at 31st December 2008

8. A summary of the Prudential Borrowing position for 2008/09 is set out below. The forecast use of prudential borrowing includes an amount of £2,527k yet to be allocated to a capital scheme (mentioned above).

2008/09 Original Prudential Borrowing Allocations		£11,320,000
Add: Slippage from 2007/08	£4,609,000	
Corporate accommodation funding	£3,250,000	
Herefordshire Connects funding	£3,262,000	
Gym Equipment purchase funding	£284,000	
Data Centre initial expenditure	£217,000	
	<hr/>	£11,622,000
Less: Slippage into future years	(£2,490,000)	
No longer required	(£1,884,000)	
	<hr/>	(£4,374,000)
Forecast use of Prudential Borrowing in 2008/09		<hr/> <u>£18,568,000</u>

Capital Receipts Reserves Position as at 31st December 2008

9. The capital receipts reserve totalled £17,945k as at 1st April 2008. Capital receipts of £2,530k were received to the end of December from the sale of corporate property, smallholdings and sites on the Rotherwas estate. £11,016k is expected to be used to fund the 2008/09 capital programme. The remaining balance will be used to fund future year's capital programme including strategic housing, corporate accommodation and Rotherwas futures.

TABLE D1

FUNDING OF REVISED 2008/09 CAPITAL PROGRAMME

Capital Programme Area	2008/09 Revised Forecast 31/12/08	SCE(R)	Prudential Borrowing	Grant	Revenue Contribution	Capital Receipts Reserves
	£'000	£'000	£'000	£'000	£'000	£'000
Children's Services	17,315	2,373	490	12,585	-	1,867
Resources	4,210	-	4,010	100	-	100
Deputy Chief Executive	5,564	-	5,313	51	-	200
Provider Services	905	-	138	449	-	318
Regeneration	11,424	-	162	2,882	-	8,380
Environment & Culture	23,809	10,378	5,928	7,352	-	151
To be allocated	2,527	-	2,527	-	-	-
Total Revised Forecast	65,754	12,751	18,568	23,419	-	11,016
<i>September Forecast</i>	<i>60,695</i>	<i>12,751</i>	<i>15,584</i>	<i>22,286</i>	<i>-</i>	<i>10,074</i>
<i>Change from September</i>	<i>5,059</i>	<i>-</i>	<i>2,984</i>	<i>1,133</i>	<i>-</i>	<i>942</i>

<u>Reported to date</u>						
<i>Original Budget</i>	<i>57,896</i>	<i>12,750</i>	<i>14,911</i>	<i>19,961</i>	<i>170</i>	<i>10,104</i>
<i>August Forecast</i>	<i>64,306</i>	<i>12,762</i>	<i>15,646</i>	<i>25,797</i>	<i>-</i>	<i>10,101</i>
<i>September Forecast</i>	<i>60,695</i>	<i>12,751</i>	<i>15,584</i>	<i>22,286</i>	<i>-</i>	<i>10,074</i>
<i>December Forecast</i>	<i>65,754</i>	<i>12,751</i>	<i>18,568</i>	<i>23,419</i>	<i>-</i>	<i>11,016</i>

TABLE D2

Schemes with a forecast spend exceeding £500k in 2008-09

Scheme Detail By Directorate	Whole Scheme Cost £'000	Funded by	2008-09 Expenditure forecast £'000	Actual spend to 31-12-08	Most relevant Corporate Theme	Comments
Children's Services						
Minster Replacement School	20,642	DCSF Grant	3,881	1,390	Children and Young People	Contract let and work progressing ahead of schedule
Devolved Capital Programme	n/a	DCSF Grant	4,088	3,285	Children and Young People	Devolved allocation of capital funding to schools, individual capital plans to be reviewed in 2009-10
Riverside Amalgamation	8,505	Grant & receipts	2,743	1,608	Children and Young People	Appointed contractor in liquidation, new contractor to be appointed to complete scheme
Condition property works	n/a	SCE®	1,012	683	Children and Young People	Annual programme of works at various sites committed on a highest need first basis
Hereford City North Children's Centre	923	Grant	893	215	Children and Young People	Widemarsh workshop conversion proceeding
Childcare Grant	n/a	Grant	834	-	Children and Young People	Expected to be devolved to nurseries
Hydrosense Facility	874	School	721	241	Children and Young People	Provision proceeding as planned
Resources						
Corporate Accommodation	17,097	Prudential Borrowing & receipts	3,250	-	Organisational improvement & greater efficiency	Preferred option hoped to be commenced in the near future with bulk of expenditure expected to be incurred next summer
Deputy Chief Executive						
Social Care ICT Solution	1,583	Prudential Borrowing & receipts	1,291	1,007	Health & well-being	Framework system now in use, final financial completion due soon
Herefordshire Connects	6,683	Prudential Borrowing & receipts	3,331	1,008	Organisational improvement & greater efficiency	Cabinet approval to proceed with Agresso, Microsoft, Inphase and third phase of the new Social Care system recently issued

Scheme Detail By Directorate	Whole Scheme Cost £'000	Funded by	2008-09 Expenditure forecast £'000	Actual spend to 31-12-08	Most relevant Corporate Theme	Comments
<i>Environment & Culture</i>						
Road & Footway Maintenance	n/a	LTP allocation	7,269	4,028	Sustainable communities	Programmed works, delayed through prioritised flood works
Ross on Wye Flood Alleviation	10,331	Grant	4,955	4,979	Sustainable communities	Scheme complete, additional funding approved
Rotherwas Access Road	12,830	Grant, receipts, LTP & prudential borrowing	2,305	2,090	Economic development & enterprise	Road complete and in use, final financial completion outstanding
Crematorium	3,150	Prudential borrowing	1,807	1,652	Economic development & enterprise	Work on site completed however snagging issues yet to be resolved
Bridgeworks	n/a	LTP allocation	900	635	Sustainable communities	Annual programme of works
Ross Library	1,187	Prudential borrowing	593	16	Economic development & enterprise	Project in design stage, expected progress to date running behind schedule
<i>Regeneration</i>						
Cattle Market	5,000	Capital receipts	3,056	82	Economic development & enterprise	Total scheme cost and approval to proceed to be reported to Cabinet in February
Affordable Housing Grants	n/a	Capital receipts	2,000	1,397	Safer & stronger communities	Annual allocation of grants to various schemes
Rotherwas Futures Estate Development Work	4,358	Grant & capital receipts	1,387	552	Economic development & enterprise	Total scope of scheme to be finalised - part of this budget will be used to meet any additional access road costs
Extra Care Housing Development	6,602	Grant & capital receipts	1,322	19	Older people	Final payment will become due following agreed completion of the scheme
Woodedge and Archenfield	879	Capital receipts	879	704	Health & well-being	Payment released following successful redevelopment of homes
Mandatory Disabled Facilities Grant	n/a	Grant & capital receipts	837	590	Health & well-being	This budget is under huge demand, a system is being devised to prioritise applications

Scheme Detail By Directorate	Whole Scheme Cost £'000	Funded by	2008-09 Expenditure forecast £'000	Actual spend to 31-12-08	Most relevant Corporate Theme	Comments
Private Sector Housing	n/a	Grant & capital receipts	818	383	Health & well-being	This budget has been reduced to increase the mandatory disabled facilities grant budget
<i>To be allocated</i>	<i>n/a</i>	<i>Prudential borrowing</i>	<i>2,527</i>	<i>-</i>		<i>This funding is available to be allocated to fund either accommodation, Edgar Street Grid or the cattle market</i>
Total			52,699	26,564		
Schemes with a forecast spend in 2008/09 of less than £500,000			13,055	5,619		
Total			65,754	32,183		