

FINAL REVENUE AND CAPITAL OUTTURN 2008/09

PORTFOLIO RESPONSIBILITY: RESOURCES

CABINET

4 JUNE 2009

Wards Affected

County-wide.

Purpose

The purpose of this report is for Cabinet to consider and approve:

- a. The final outturn position for 2008/09.
- b. The creation of new reserves in the 2008/09 accounts.

Key Decision

This is not a Key decision.

Recommendations

That the Cabinet approves:

- (a) the final outturn for 2008/09.**
- (b) the movements to new reserves outlined in the report.**

Reasons

1. Whilst work continues on the range of tasks necessary to prepare the council's statutory statement of accounts for 2008/09, it is sufficiently advanced for Cabinet to consider the final outturn for the revenue account.
2. On 19 June 2009 the full Statement of Accounts for 2008/09 will be presented to the Audit and Corporate Governance Committee for formal approval. This will ensure that the council meets the statutory deadline for the approval of accounts.

Considerations

BUDGET OUTTURN POSITION FOR 2008/09

3. An overall summary of the outturn position for directorate budgets is as follows:

Directorate outturns 2008/09	£000 Over/ (Under)
Adult Services	750
Children & Young People's Services	(533)
Deputy Chief Executive	137
Environment and Culture	(118)
Regeneration	162
Central Services	(160)
Resources	(280)
Net directorate underspend	(42)

4. The above table shows that the final outturn position for 2008/09 was an underspend of £42k on directorate budgets. The explanation of significant variances is included in the summary covering each directorate.
5. The final overall revenue outturn of the council also includes corporate items such as treasury management and reserves transfers. The following table gives the overall position after allowing for transactions not under the control of directorates:

	£000 Over/ (Under)
Net directorate outturn 2008/09 – an underspend	(42)
Additional income from financing transactions	(483)
Reduction in borrowing costs	(246)
Additional dividend income from West Mercia Supplies	(56)
Unbudgeted income from the Local Authority Business Growth Incentive scheme	(346)
Former local authority debt	(34)
Amey review reserve	112
Waste disposal reserve	500
Economic development reserve	346
Net revenue underspend	(249)

6. The overall position is an underspend of £249k on the council's 2008/09 revenue account. This is very close to the forecast outturn for the year of a £238k underspend in the December, 2008, Budget Monitoring report.

7. The overall position includes additional investment income against budget. Savings were also achieved on borrowing due to slippage in the capital programme, delaying external borrowing by using internal reserves and the application of a new capital regulation allowing the delay of minimum revenue provision (MRP) until the year following that in which the asset being purchased using capital funding is operational.
8. The overall position includes a number of transfers to and from revenue reserves. This included £500k transfer to the waste management reserve in accordance with the council's medium term financial strategy. The medium term financial model includes an annual addition to the base budget pending the finalisation of the renegotiated contract. In the interim period, this allows capacity to build up a specific reserve to offset future increased costs. The closing balance on the waste reserve was £2.77million.
9. During the year, £200k of investment income surplus was earmarked to cover the Amey review. Not all of the £200k was required and the balance of £112k has been carried forward in a specific reserve.
10. The council received a further allocation of Local Authority Business Incentive Scheme grant, which has been transferred to a reserve to be used in mitigation of the economic downturn.
11. A summary of the key variations between outturn and budget for each directorate is provided in the following paragraphs.

ADULT SERVICES DIRECTORATE

Final Outturn Summary

	December 2008 Net over or (under)spend £000	Outturn 2008/09 Net over or (under)spend £000
Adult Social Care	680	818
Supporting People	31	37
Modernisation	(41)	(34)
Commissioning and Improvement	(161)	(71)
TOTAL	509	750

12. The outturn position for Adult Social Care was an overspend of £750k. The overspend position was evident early in the 2008/09 financial year. It was covered by the social care contingency held on the council's balance sheet. However, given the overall underspend on the general fund, it has been decided not to use this source of funding that is in place to cover overspends.

Adult Social Care

13. The main area of overspend was Learning Disabilities (£727k) where several different factors impacted on the outturn position. The amount of expenditure assessed as meeting Continuing Healthcare criteria has been included in the accounts. This is based on the application of agreed assessment criteria. There were 17 new residential packages agreed, as well as increases in homecare and supported accommodation costs. These increases were partly offset by transport and vacancy savings and increased client contributions.
14. Older People overspent by £313k, due to increased domiciliary costs, partly as a result of the 'red alert' in hospitals during December and January when patients were discharged earlier than normal. There were also cost increases, due to more complex care needs and an increase in the level of 'top-up' payments. The review of outstanding income indicated some costs could not be recovered.
15. There was an overspend for the Emergency Duty Team of £127k due to a change in accounting arrangements where the previous contract was paid in arrears.
16. There were one-off overspends on management costs of £54k due to interim arrangements whilst the new structure was implemented.
17. Section 75 arrangements overspent by £187k, mainly due to the final resolution of an issue with a nursing care provider, where the council and PCT jointly met the cost of writing off invoices.
18. Mental Health underspent by £503k due to additional income received from client contributions, grant funding, one-off property income and supporting people funding.
19. Physical Disabilities underspent by £30k due to reductions in residential packages.
20. There was an underspend of £39k within Prevention Services due to savings in the project team.

Supporting People

21. There was an overspend of £37k on operational costs due to the reduction in the administration grant. This grant is now part of the area based grant.

Modernisation

22. There was slippage within a number of modernisation projects which resulted in an underspend of £34k.

Commissioning & Improvement

23. The £71k underspend was due to vacancy savings and the use of grant funding to cover some ICT costs.

CHILDREN & YOUNG PEOPLE'S SERVICES

Final Outturn Summary

	December 2008 Net over or (under) spend £'000	Outturn 2008/09 Net over or (under) spend £'000
Safeguarding Vulnerable Children	(30)	96
Planning, Performance & Development	(35)	(356)
Inclusion & Improvement	(240)	(573)
Grants (inc ABG)	0	37
Central Directorate	179	288
Community Operations	(10)	(25)
Total	(136)	(533)

24. The Budget Monitoring Report to Cabinet on 18th February 2009, based on expenditure to 31st December 2008, forecast that the Children's revenue budget would be underspent by £136k. Further budget analysis and improvements in forecasting provided a later report to Scrutiny Committee in March 2009 and, based on expenditure to 28th February 2009, the Directorate projected a surplus of £567,000. This is in line with the final outturn position contained in this report.

Safeguarding Vulnerable Children

25. External agency residential placements were underspent by £209k because there were 3 less placements than at the start of the year. Looked After Children over spent by £298k because there were 12 more children in agency fostering than at the start of the year. Other variances included additional advertising costs resulting in a net overspend of £96k.

Planning, Performance & Development

26. The underspend on the transport budget was £494k. This is across a number of areas of transport provision. Significant factors producing this underspend includes the reductions in diesel fuel prices since the beginning of the financial year compared to those forecast, and the continuing annual route reviews which release savings. Work has taken place this financial year between the Directorate and Financial Services to provide a more effective monitoring system. This has enabled the Directorate to release £100k as part of the council's Performance Improvement Cycle (PIC) process. The Directorate's ICT budget has overspent by £145k due ICT Service Level Agreement costs and expenditure on ICT system

licenses which were previously funded from Standards Fund grants. Other smaller underspends of £7k contributed to a net £356k underspend for the service.

Inclusion & Improvement

27. The Inclusion and Improvement Service budget position has underspent by a total of £573k comprising of a number of underspends on individual services e.g. the Joint Agency Management (JAM) budget of £206k due to fewer children with complex special needs, an underspend on the Early Years budget due to a contribution of £220k mainly due to use of the Early Years & Childcare Grant for the Hollybush Children's Centre and underspend of £148k on the Psychology and SEN teams. Smaller underspends were achieved on management costs of £54k due to staff retirements and the Youth Offending Service (provided jointly with Worcestershire). In terms of JAM a projected deficit of £54k has already been indicated for this financial year.
28. The underspends listed above were offset by overspends on the School Improvement Service of £49k due to reduced income from in-service training courses for schools and the Youth Service staffing of £34k.

Grants

29. Grant income in excess of £20 million is received by the Directorate and includes General Surestart Grant (£3.4m) and Standards Fund of £13.2m which is largely devolved to schools. There was a small net overspend of £37k largely caused by an overspend of £33k on ICT due to the ending of the Standards Fund grant. The Area Based Grant of £3.8m is managed by the Children's Trust and contains a range of activities traditionally delivered or commissioned by the Directorate. Work is ongoing with the Children's Trust as one of the Herefordshire Partnership Policy and Delivery Groups to ensure that the money is targeted in the most effective way for children and young people. For the financial year 2008/2009, alongside other partnership groups, the Children's Trust continued with the previous years spending areas whilst the effectiveness of each service area was reviewed.

Central Directorate

30. Efficiency Savings of £200k were realised during the year, but not allocated to specific budget areas. Additionally there was an overspend on interim management costs of £54K and recharges of £31k resulting in a net overspend of £288k.
31. The number of redundancies in schools contractually agreed by 31st March, 2009, was less than in previous years due to the shift to more compulsory redundancies which are more complex and longer to process. Because the number of redundancies in total is not any less than in previous years, it is proposed by the Director of Resources to establish a reserve of £294k to ensure that funds are available to meet the continuing redundancy costs in schools due to falling rolls.

Community Operations

32. There was an underspend of £25k. This was due to reduced expenditure on staffing budgets arising from delayed appointments, to enable expenditure to be available for the development of new posts, and offsetting the budget for parenting classes against external grants applied for and won by the council.

Dedicated Schools Grant (DSG)

33. An underspend in Dedicated Schools Grant (DSG) of £1.5m has been carried forward to 2009/10 as required by the grant regulations.

34. Underspends on central services to pupils were as follows:
- a. Banded Funding (£332k) due to reduced applications from schools prior to delegation from April 2009.
 - b. Early years (£300k) due to the use of £217k of general surestart grant to support the budget that was not planned for when the budget was originally set
 - c. Savings on the Joint Agency Management budget and other budgets for pupils with complex needs of £268k due to fewer pupils than expected
35. Underspends on the Individual Schools Budgets were:
- a. Rates rebates for 2008/09 received for voluntary aided schools of £186k
 - b. Additional income in DSG due to extra pupils of £279k
 - c. Unused contingencies of £225k
 - d. Additional income from the Learning Skills Council of £55k
36. Additionally an overspend of £123k on the Schools Music Service has been carried forward and will be recovered in 2009/10 mainly by increased charges to schools and efficiencies in the service. The overspend has arisen in part due to the reduced level of standards fund grant carried forward from 2007/08 not being reflected in the charges made to schools and also the lack of funding allocated from end of year underspends.
37. In total rates rebates of £1,054,205 have been received for charitable rates relief for voluntary aided schools going back to 2000. This rates relief has also been received by other local authorities with education responsibilities. The rebates (£186k) relating to 2008/09 have been carried forward as part of the DSG underspend and the remaining £868,537 is to be carried forward as a reserve.
38. Due to the complexity of Dedicated Schools Grant, introduced in April 2006 and the previous passporting regulations prior to 2006, The Department for Children, Schools and Families (DCSF) have advised that the council should seek a legal opinion on how the rates underspend can be used prior to making any decision. This opinion has not yet been received, and once available Schools Forum will be consulted on the use of all the underspends within the Dedicated Schools Grant. This will then help inform the use of the reserve.

DEPUTY CHIEF EXECUTIVE DIRECTORATE

Final Outturn Summary

	December 2008 Net over or (under) spend £000	Outturn 2008/09 Net over or (under) spend £000
Herefordshire Connects	1,387	456
Less: Reserves (Hereford Connects)	(1,387)	(456)
Herefordshire Partnership	(10)	6
Communications	(10)	18
Director and Administration	(20)	11
Emergency Planning	0	(1)
Legal and Democratic	180	442
INFO	(50)	(45)
Policy & Performance	(10)	(25)
Information Services	0	6
Corporate ICT Projects	(50)	168
ICT Services	0	(300)
Corporate Programmes	(20)	(70)
Community Network Costs	(10)	(65)
Human Resources	0	(8)
TOTAL	0	137

39. The overall outturn position for the Deputy Chief Executive's Directorate was an over spend of £137k.
40. Slippage on the Herefordshire Connects programme resulted in less reserves being drawn on in 2008/09.
41. The most significant variance relates to Legal and Democratic Services. A shortfall in local land charges income of £200k was caused by the general downturn in the property market and also due to more competitive pricing in the private sector. Member Services over spent by £110k due to additional staff costs. The Coroner's service experienced an increase in post mortem and mortuary fees of £40k. There

were also a number of other overspends within electoral and legal services.

42. Corporate ICT Projects over spent by £168k due to the cost of equipment for the new data centre. However this was mitigated by underspends within ICT operations due to vacancies and software maintenance savings.

ENVIRONMENT & CULTURE DIRECTORATE

Final Outturn summary

	December 2008 Net over or (under) spend £000	Outturn 2008/09 Net over or (under) spend £000
Highways	1,343	1,593
Less: Restoration fund	(429)	(429)
Bellwin threshold reserve	(464)	(505)
Sub-total	450	659
Environmental Health & Trading Stds	0	(76)
Waste Management	(450)	(824)
Culture & Leisure	200	323
General reserve contribution to HALO Job Evaluation	(200)	(200)
Directorate Management & Support	0	0
Total	0	(118)

43. The overall outturn position for Environment & Culture was an underspend of £118k.
44. In 2008/09 agreement had been given that an additional £200k of costs to support the service delivery review would be met from increased corporate investment income. In 2008/09 these costs totalled £88k and the remaining funds have been put into reserves to meet further costs in 2009/10.

Highways

45. The position for the service was assisted by the non-recurring funding available in 2008/09 with the council's £429k Restoration Fund allocation being applied to meet costs associated with the 2007 floods.
46. Following the floods in September and November 2008 Highways incurred total emergency repair work of £1.285m. The council successfully applied for funding of £726k in relation to this work under the Bellwin scheme. The first £433k and 15% of remaining claim amount of any claim must be funded by the council. After applying the specific reserve of £505k to meet the costs incurred up to the threshold, there was a net overspend of £54k.
47. There was an overspend on winter maintenance of £836k. This reflects the additional costs for the year following a reported 'coldest December for 30 years' and on-going 'cold snap' into 2009.

48. The de-trunking of the A465 has seen a £140k grant allocated to the council for road maintenance in 2008/09 and this was required in full to fund additional winter maintenance costs.
49. Although parking income was expected to increase in 2008/09 following the introduction of parking fee increases on 1 June 2008, the overall income for the year was £200k below target. The assessment is that the recession has affected the level of income. There was a further overspend of £50k in relation to electricity charges.
50. There was pressure on the Highways budgets in relation to contract inflation on roads maintenance and street cleansing. Whilst every effort was made to manage these pressures within budget, street cleansing over spent by £90k.
51. A saving of £50k through staff vacancy management was achieved due to the recruitment freeze pending the service delivery review. Further savings were made on employee and public liability insurance of £35k.
52. Overall there was a net overspend of £1,593k on highways before taking account of transfers from reserves and one-off funding from the Restoration Fund.

Environmental Health & Trading Standards

53. The outturn for Environmental Health and Trading Standards for 2008/09 was an underspend of £76k.
54. Income from the Crematorium was some £110k above target. Earlier only a £50k excess had been predicted, but receipts in the last few months exceeded expectation.
55. The loss of rental income at Hereford Market Hall and budget pressures in street trading resulted in markets and fairs overspending by £135k.
56. The Anti Social Behaviour Team over spent by £84k due to temporary staff costs incurred in setting up the team and on-going salary costs. A structural re-alignment across the service helped contain the level of overspend.
57. In addition to the surplus produced by the crematorium, overspends were mitigated through vacancy management within services. Income from air pollution, licensing, trading standards and commercial environmental health also exceeded targets.

Waste Management

58. The net underspend on Waste Management was £824k. This overall position includes contract inflation increases on the Waste Collection contract of £310k. This is mitigated by the underspend on waste disposal and increased income of £100k for commercial waste.
59. There is additional overspend in relation to consultation costs and project costs in relation to the renewal of the waste collection contract.
60. The final outturn from Worcestershire County Council (WCC) of the waste disposal contract costs meant an underspend of £1.14m on Herefordshire's waste disposal budget for 2008/09 and this is included in the overall outturn. This reflects the credits received for the 'Waste electrical and electronic equipment' (Weee) expenditure, following the agreement of the contract variation, and a revised forecast for tonnages which have reduced.

61. The cost of the new waste disposal contract will be considerably higher than at present. In line with the medium term financial management strategy, £500k has been transferred to the Waste Management reserve to meet future financial pressures.
62. There was a risk that if waste growth/reduction between Herefordshire and Worcestershire varied by more than 1% to the detriment of Herefordshire then Herefordshire would need to increase its contract payments by £300k. However, the trigger point was not hit in 2008/09.

Culture & Leisure

63. There was a budget pressure of £200k in relation to the HALO job evaluation costs. The council has a legal obligation to meet in full the financial impact of increases in pay of transferred posts affected by the single status agreement. The original central budget was set based on assumptions that were reasonable at the time about pay grades. Over time funding has become insufficient as staff have progressed through pay grades. For 2008/09 this was met by transferring the sum from reserves at year end. From 2009/10 the amount has been built into the council's base budget.
64. Libraries overspent by £100k. This was mainly due to IT SLA costs including maintenance of the public access PCs resulting an overspend of £80k. Other factors, including shortfalls in income, also affected the position.
65. Tourism over spent by £82k mainly due to staff costs and shortfall of income. There was also an overspend on public rights of way of £30k due to contract inflation on works carried out by Amey Wye Valley Ltd and on Head of Culture & Leisure costs due to staff changes and Director & support team costs totalling £47k.
66. There was an underspend of £170k on parks and countryside in relation to works held back or funded from commuted sums in order to manage budget pressures within the service. The overall position for Culture & Leisure is a net overspend of £123k.

REGENERATION DIRECTORATE

Final outturn summary

	December 2008 Net over or (under)spend £000	Outturn 2008/09 Net over or (under)spend £000
Economic & Community	(53)	(60)
Transportation	0	(38)
Management & Admin	(192)	(151)
Planning	291	255
Strategic Housing	160	156
Total	206	162

67. The overall outturn position for Regeneration was an overspend of £162k.

Economic and Community services

68. The saving on budgeted expenditure of £46k for economic development came from a reduced contribution to the Edgar Street Grid project being required on matched funded costs.
69. Following an evaluation by Government Office for the West Midlands and an external audit report the Action for Regenerating Communities in Herefordshire 'ARCH' European project was completed at a cost to Community Regeneration of £153k and was supported by transfers from specific reserves of £125k giving a net impact of a £30k overspend on the Community Regeneration budgets. Savings on community grants of £16k were also made, resulting in a total saving on budget of £60k.

Transportation

70. The £38k savings on budget was due to staff vacancies during the year.

Management

71. Staff vacancy savings of £56k were achieved and £95k budget from the disaggregation of community services from the Adult Services to Regeneration was set aside to support the shortfall of planning fees. This resulted in a recruitment freeze within the directorate support service.

Planning

72. The levels of income within planning fell short of budget by £340k. This was offset by the receipt of a planning delivery grant of £193k.
73. Additional costs above available budget remained for consultancy, IT and legal fees and resulted in an overall overspend for planning services of £255k.

Strategic Housing

74. The costs of providing temporary accommodation for homeless people exceeded budget by £236k. This overspend was in line with recent predictions and not as high as estimated earlier in the year. Further predicted overspending of £35k occurred in administration and strategy, largely due to service pressures resulting in use of temporary staff. Further measures were taken to manage this overspend within the service which resulted in an underspend on homelessness prevention and rent deposits of £66k.
75. Private sector housing underspent by £42k. This was largely due to the delay of recruitment to staff vacancies contributing to a £28k saving in administration. A sum of £15k earmarked as a contribution towards a demountable home extension as not required in the year.
76. The housing needs development team underspent by £15k compared with budget, due to staff vacancies and lower expenditure on housing needs studies.
77. The ending of the repurchase and reinstatement grants included in the budget resulted in a shortfall of income amounting to £38k but this was contained by savings in administration of £28k due to vacancies.

CENTRAL SERVICES

Final outturn summary

	December 2008 Net over or (under)spend £000	Outturn 2008/09 Net over or (under)spend £000
Corporate Budgets	0	(160)

78. The underspend is mainly due to a culmination of smaller underspends on corporate subscriptions, flood levies, pension costs and an unused Invest to Save budget.
79. Following a successful legal case local authorities are now able to recover VAT in relation to historical errors. Worcestershire County Council successfully pursued an overpayment in respect of library related charges, which resulted in a receipt to Herefordshire of £55k in relation to overpayments made prior to local government reorganisation.

RESOURCES DIRECTORATE
Final Outturn Summary

	December 2008 Net over or (under)spend £000	Outturn 2009 Net over or (under) spend £000
Asset Management and Property Services	0	609
Audit	20	17
Benefit and Exchequer	(60)	(929)
Financial Services	0	(33)
Central	40	56
TOTAL	0	(280)

80. The overall position is a £280k underspend.

Asset Management and Property Services

81. Office accommodation over spent by £325k partly due to increased costs on cleaning, business rates, gas and electricity. There was also increased rental for car parks and service charges at Plough Lane.

82. There was an overspend £350k on corporate maintenance. The underspend on benefits subsidy within the Resources Directorate meant the opportunity was taken to make a revenue contribution of £109k to capital for Legionella works and repairs to Prospect Wall. Also, outstanding costs from prior years on the Amey application were settled and there was an increase in emergency expenditure.

83. Surplus income from Maylord and Industrial Estates has reduced the overspend.

Audit

84. Due to higher employee costs with agency staff there was an overspend of £17k.

Benefit and Exchequer

85. There was a benefits subsidy surplus of £799k due to two factors:

- 1) the higher number of changes actioned, which increased the amount of recoverable overpayments and associated subsidy; and
- 2) additional local authority error subsidy, because the level of error was below the DWP threshold and so attracts 100% subsidy.

86. The remaining £130k underspend is due to staff vacancies which have now been filled and one off grant income such as Local Housing Allowance from the DWP.

Financial Services

87. The underspend of £33k is mainly due to staff vacancies which have now been filled.

Central

88. Due to recruitment costs for the new Director and other consultant costs there was an overspend of £56k.

PROPOSALS FOR THE USE OF THE UNDERSPEND

89. The proposals for use of the underspend on the general fund:

	£000
Total underspend available	249
Less Transfer to social care contingency reserve	(249)
Total underspend to be carried forward	0

90. The additional £249k will bring the social care contingency to £926k. This is an appropriate addition, given the continuing risk to the council's finances due to pressure on Adult & Children's Services budgets.

GENERAL RESERVES

91. Having considered the outturn position for 2008/09 it is now possible to update Cabinet on the level of general reserves as at 31st March 2009.
92. The overall level of general reserve has reduced by £338k to £6.39m. The anticipated reduction of £338k includes the Hereford City grounds maintenance contribution (£138k) and funding for the impact of Job evaluation on HALO.
93. The amount of £6.39m is in excess of council policy contained in the council's medium term financial strategy that sets the minimum level of general reserves at £4.5m.

SPECIFIC RESERVES

94. The Director of Resources requests that Cabinet approve the following new reserves in the accounts:

Title	£000	Reason
Carbon Reduction	30	To be used for carbon reduction initiatives.
Schools redundancies	294	To be used for continuing redundancy costs due to falling school rolls.
Service delivery review	112	To cover the costs of the Amey review
Schools rates	869	Ring fenced schools' rate rebates.
Economic development	346	To mitigate the effects of the economic downturn.

95. The carbon reduction reserve includes the balance of a £50k fund set up by the Carbon Trust Board to be used for carbon reduction initiatives.
96. The schools redundancies reserve has been created from the underspend on the redundancy costs budget with Children's & Young People's Directorate, in order to fund future redundancies.
97. The slippage on the Amey contract review meant that only £88k was spent out of the approved £200k approved in 2008/09. This will be utilised in 2009/10 when the review will be concluded.
98. The schools rates reserve is for rates refunds to voluntary aided schools dating back to 2000. These have been carried forward in a reserve pending a legal decision on how this money may be spent.
99. Additional LABGI grant of £346k was received and has been transferred to an economic development reserve to be used to fund measures to address the economic downturn.
100. The total amount of specific reserves at 31st March 2009, including the above reserves, is £16.06m. This includes ring-fenced school balances reserves of £5.48m.
101. The following table summarises the earmarked reserves held:

Reserve	2007/08 £000	2008/09 £000
Community Buildings	64	0
Commuted sums	78	78
Schools balance in hand	5,657	5,476
Industrial Estates – maintenance	223	333
Support Services & Equipment Renewals	276	80
Schools Balance of Risk	289	85
Winter maintenance	500	500
Planning	24	24
SRB Schemes	51	0
Community Centre	180	180
Waste Disposal	2,274	2,774
LSC	32	32
Herefordshire Connects project	420	0
Wye Valley AONB	79	104
Invest to Save/Initiatives fund	1,115	1,079
Contingent liabilities	300	300
Social care contingency	677	926
Standards Fund	92	0
Modernisation plans	300	454
2008/09 budget capacity	1,500	0
Edgar Street Grid	41	150
Whitecross School PFI	108	202
Bellwin Threshold	505	0
LPSA 2 reward grant	1,148	1,482
Herefordshire Safeguarding Children Board	48	21
Accommodation	591	133
Carbon Reduction	0	30
Schools redundancies	0	294
Service delivery review	0	112
Schools rates	0	869
Economic development	0	346
Total	<u>16,572</u>	<u>16,064</u>

2008/09 CAPITAL PROGRAMME OUTTURN

Overall Position

102. The capital outturn for 2008/09 totalled £48.05m compared to the original budget of £57.9m. A summary is provided in the table below. Changes to the capital forecast have been identified and reported to Cabinet throughout the year, the main changes being slippages on the new Hereford livestock market project (£3.6m) and the corporate accommodation programme (£3.25m). It is important to note that no conditional funding resources have been lost

103. The following table summarises the capital outturn and how it was funded;

Directorate	2008/09 Outturn	Supported Borrowing	Prudential Borrowing	Grant	Revenue Contribution	Capital Receipts Reserves
	£'000	£'000	£'000	£'000	£'000	£'000
Children's Services	16,876	2,373	311	13,133	152	907
Resources	982	-	659	125	129	69
Deputy Chief Executive	2,859	-	2,667	61	-	131
Adult Social Care	423	-	73	263	-	87
Regeneration	7,370	-	143	2,208	-	5,019
Environment & Culture	19,541	10,378	4,318	4,833	9	3
Total Outturn	48,051	12,751	8,171	20,623	290	6,216
December Forecast	65,754	12,751	18,568	23,419	-	11,016
Original Budget	57,896	12,750	14,911	19,961	170	10,104

104. Details of total capital scheme costs, funding and outturn position for capital schemes with an outturn for 2008/09 exceeding £500k are provided in the table below;

Detail By Directorate	Whole Scheme Cost £'000	Funded by	2008/09 Outturn	Comments
Children's Services				
Devolved Capital Programme	n/a	Grant	4,832	Devolved allocation of capital funding to schools
Minster Replacement School	20,642	Grant	4,562	Work in progress, on schedule
Riverside Amalgamation	8,505	Grant & receipts	1,682	Appointed contractor in liquidation, new contractor to be appointed to complete scheme
Condition property works	n/a	Supported Borrowing	1,242	Annual programme of works at various sites committed on a highest need first basis
National Digital Infrastructure	n/a	Grant	1,077	School broadband expenditure
Hereford City North Children's Centre	923	Grant	720	Widemarsh workshop conversion proceeding
Deputy Chief Executive				
Social Care ICT Solution	1,583	Prudential Borrowing & receipts	1,216	Framework system now in use, final financial completion due soon
Herefordshire Connects	6,683	Prudential Borrowing & receipts	1,151	Cabinet approval to proceed with Agresso, Inphase, Civica and EDRMS.
Environment & Culture				
Road & Footway Maintenance	n/a	LTP allocation	7,265	Programmed works, delayed through prioritised flood works
Ross on Wye Flood Alleviation	10,331	Grant	3,196	Scheme complete, additional funding approved
Rotherwas Access Road	12,830	Grant, receipts, LTP & prudential borrowing	2,142	Road complete and in use, final financial completion outstanding
Crematorium	3,150	Prudential borrowing	1,777	Work on site complete
Bridgeworks	n/a	LTP allocation	929	Annual programme of works
Regeneration				
Affordable Housing Grants	n/a	Capital receipts	2,019	Annual allocation of grants to various schemes
Extra Care Housing Development	6,602	Grant & capital receipts	1,283	Final payment will become due following agreed completion of the scheme

Detail By Directorate	Whole Scheme Cost £'000	Funded by	2008-09 Outturn	Comments
Rotherwas Futures Estate Development Work	4,358	Grant & capital receipts	938	Total scope of scheme to be finalised - part of this budget will be used to meet any additional access road costs
Private Sector Housing	n/a	Grant & capital receipts	765	This budget has been reduced to increase the mandatory disabled facilities grant budget
Mandatory Disabled Facilities Grant	n/a	Grant & capital receipts	764	This budget is under huge demand, a system is being devised to prioritise applications
Woodedge and Archenfield	879	Capital receipts	704	Final payment to be released following successful redevelopment of homes
Total			38,264	
Schemes with a forecast spend in 2008/09 of less than £500,000			9,787	
Total			48,051	

Prudential Borrowing Outturn

105. A summary of the Prudential Borrowing outturn position is set out below.

	£000
2008/09 Original Prudential Borrowing Allocation	18,334
Add: Slippage from 2007/08	4,609
Less: Slippage into future years	(12,665)
No longer required	(2,107)
Use of Prudential Borrowing in 2008/09	<u>8,171</u>

106. There also remained £2.5m of budgeted prudential borrowing to be allocated to schemes at the end of 2008/09. This was used to fund the capital bids for 2009/10.

Capital Receipts Reserve

107. The capital receipts reserve totalled £17.558m as at 31st March 2009. Commitments over the next three years include funding corporate accommodation, strategic housing, smallholding improvements and the provision of a cattle market.

Risk Management

108. The council is required to ensure the closure of accounts by 30th June. Failure to do so carries a reputation risk for the council in relation to its corporate governance role and a potential impact on our Use of Resources assessment.

Consultees

109. The relevant internal officers have been consulted. No external consultation was considered necessary.

Background Papers

None identified.