

<b>MEETING:</b>	<b>AUDIT AND CORPORATE GOVERNANCE COMMITTEE</b>
<b>DATE:</b>	<b>28<sup>TH</sup> SEPTEMBER 2009</b>
<b>TITLE OF REPORT:</b>	<b>MAJOR PROJECTS STATEMENT</b>
<b>DIRECTOR OF RESOURCES</b>	<b>DAVID POWELL</b>

### **Wards Affected**

None

### **Purpose**

To provide a position statement on major projects being undertaken by the authority.

### **Key Decision**

This is not a Key Decision.

### **Recommendation(s)**

**THAT Audit and Corporate Governance Committee:**

- (a) **notes the contents of the report.**

### **Key Points Summary**

- The overall capital programme totals £84.4m.
- Funding for major projects includes a significant level of capital grants from central government.

### **Alternative Options**

- 1 This is an information report and therefore no alternative options are outlined.

### **Reasons for Recommendations**

- 2 The recommendation is proposed so that the committee acknowledges the supplied information that was requested at the previous meeting.

## Introduction and Background

- 3 At the Audit and Corporate Governance Committee on 18<sup>th</sup> June 2009 the committee requested a position statement on major projects. The background to the request is that the committee has commented on major projects at previous meetings.

## Key Considerations

- 4 The report provides information on major projects being delivered by the council. In line with previous issues raised at committee the report has taken as a definition all projects with a forecast expenditure in excess of £500k and included in the capital programme. This is a definition consistent with that used to help provide capital programme budget monitoring information.
- 5 The committee will be aware that the council has a significant capital programme. The current 2009/10 programme forecast is £84.443m. This is an increase of £17.005m over the original capital programme. The principal reasons for the increase is slippage from the previous year's programme. Slippage occurs for a variety of reasons including revised timing of programme delivery that may result from policy review. In some cases slippage results from factors outside of the control of the council.
- 6 The original forecast can also increase as a result of the allocation of new funds. The council in common with other authorities will bid for funding from central government for specific schemes. If successful the notification can fall outside of the timescale of capital programme setting and the additional funding is then added to the overall programme total. An example in the current financial year is the primary strategy grant. This was re-instated after the revised strategy was accepted by the Department for Children's Services and Families (DCSF)
- 7 The major projects all have links to corporate themes. In addition the detailed capital programmes are reported to relevant scrutiny committees.
- 8 The funding picture for capital projects has been affected by central government's approach to borrowing. Until April 2004 funding arrangements were based on credit approvals that were used to authorise expenditure financed by borrowing. Revenue support was generally provided by government for such borrowing.
- 9 The legislative framework for local authority borrowing changed on 1<sup>st</sup> April 2004. The key feature of the new system is that local authorities are free to raise finance for capital expenditure without government approval. The key test is whether they can afford to service the debt without government support. The new system places a duty on local authorities to determine and keep under review the amount they can afford to borrow.
- 10 The other significant source of funding is capital grants and contributions. In Herefordshire £39.3m of the £84.443m forecast programme is grant funded. The majority of the grant funding is for projects in the Children's and Young People's Directorate.

## **Community Impact**

12 The delivery of major projects has a significant impact on communities.

## **Financial Implications**

13 The attached appendix identifies funding sources.

## **Legal Implications**

14 This report has no legal implications.

## **Risk Management**

15 The delivery of major projects requires risk management given the various possible type of risk such as financial and reputational. Appropriate project management is a major risk mitigation measure.

## **Consultees**

16 None.

## **Appendices**

16 List of schemes with a forecast spend exceeding £500k in 2009/10

**Schemes with a forecast spend exceeding £500k in 2009-10**

<b>Scheme Detail By Directorate</b>	<b>Whole Scheme Cost £'000</b>	<b>Funded by</b>	<b>2009-10 Expenditure forecast £'000</b>	<b>Actual spend to 31-07-09 £'000</b>	<b>Most relevant Corporate Theme</b>	<b>Comments</b>
<b>Children's Services</b>						
New Hereford Academy	23,924	DCSF Grant	9,000	82	Children and Young People	Preliminary work underway, main contract of works to be signed shortly
Minster Replacement School	20,642	DCSF Grant	7,201	3,200	Children and Young People	Work progressing, no issues
Devolved Capital Programme	n/a	DCSF Grant	4,914	1,473	Children and Young People	Devolved allocation of capital funding to schools, including ICT
Primary Grant	8,378	DCSF Grant	3,000	3	Children and Young People	Capital funding to improve junior and infant provision
Children's Centres	n/a	DCSF Grant	2,187	234	Children and Young People	Various children's centre schemes progressing
Targeted Capital Fund	8,000	DCSF Grant	2,000	-	Children and Young People	Capital funding allocated towards 14 to 19 year olds
Condition property works	n/a	Supported Borrowing	1,591	321	Children and Young People	Annual programme of works at various sites committed on a highest need first basis
Childcare Grant	n/a	DCSF Grant	1,324	260	Children and Young People	Grant funding devolved to nurseries
Riverside Amalgamation	8,505	Grant & receipts	1,188	595	Children and Young People	Appointed contractor in liquidation, new contractor appointed to complete scheme
Intervention Centres	1,734	DCSF Grant	850	2	Children and Young People	To provide an area for excluded pupils at each High School
Wave 2 Playbuilder	1,120	DCSF Grant	526	-	Children and Young People	Funding towards play area provision

Further information on the subject of this report is available from  
David Powell, Director of Resources on 01432 383519

<b>Scheme Directorate</b>	<b>Detail</b>	<b>By</b>	<b>Whole Scheme Cost £'000</b>	<b>Funded by</b>	<b>2009-10 Expenditure forecast £'000</b>	<b>Actual spend to 31-07-09 £'000</b>	<b>Most relevant Corporate Theme</b>	<b>Comments</b>
<b>Resources</b>								
	Corporate Accommodation		17,112	Prudential Borrowing & capital receipts	6,140	-	Organisational improvement & greater efficiency	Preferred option anticipated to commence in 2009
	Smallholdings		1,500	Capital receipts	500	-	Economic development & enterprise	Improvement works to commence in November
<b>Deputy Chief Executive</b>								
	Herefordshire Connects		6,683	Prudential Borrowing & receipts	5,368	650	Organisational improvement & greater efficiency	Slippage expected due to the Shared Service review currently underway
<b>Environment &amp; Culture</b>								
	Road & Footway Maintenance		n/a	LTP allocation	7,857	1,488	Sustainable communities	Programme of annual Amey works
	Ledbury Library		2,922	Prudential borrowing	2,764	69	Economic development & enterprise	Architect assessment and structural survey under review
	Bridgeworks		n/a	LTP allocation	1,500	140	Sustainable communities	Annual programme of works
	Ross Library		1,240	Prudential borrowing	1,153	40	Economic development & enterprise	Project estimated to go out to tender before Christmas
	City Centre Enhancements		2,751	Prudential borrowing	1,149	18	Sustainable communities	Improvements to be made in line with Edgar Street Grid development

Sustran	1,401	Prudential borrowing	777	51	Economic development enterprise	&	Walking and cycling route over River Wye in design stage
Waste Performance & Efficiency	869	Grant	754	-	Economic development & enterprise		Bulk of expenditure to be on purchase of wheelie bins in October
Park & Ride - North	n/a	LTP allocation	500	42	Sustainable communities		Scheme dependent on Cabinet member decision

Scheme Directorate	Detail	By	Whole Scheme Cost £'000	Funded by	2009-10 Expenditure forecast £'000	Actual spend to 31-07-09 £'000	Most relevant Corporate Theme	Comments
<b>Regeneration</b>								
Rotherwas Futures Estate Development Work			4,358	Grant & capital receipts	3,021	453	Economic development & enterprise	Refurbishment of site and internal road works planned this year
Cattle Market			5,000	Capital receipts	2,910	17	Economic development enterprise	& Total scheme cost and approval to proceed, to be reported to Cabinet separately
Affordable Housing Grants			n/a	Capital receipts	1,979	518	Safer & stronger communities	Annual allocation of grants to various schemes
Mandatory Disabled Facilities Grant			n/a	Grant & capital receipts	1,301	120	Health & well-being	This budget is under significant demand, a backlog of approximately £1m recorded
Mortgage Rescue			900	Prudential Borrowing	900	-	Safer & stronger communities	Over £600k committed to individual schemes helping families remain in their properties
Empty Property			879	Prudential Borrowing	600	-	Health & well-being	Approximately £200k committed to bringing individual properties back into use
<b>Total</b>					<b>72,954</b>	<b>9,776</b>		

<b>Schemes with a forecast spend in 2009/10 of less than £500,000</b>			<b>11,489</b>	<b>2,650</b>		
<b>Total</b>			<b>84,443</b>	<b>12,426</b>		