

Capital Forecast

1. The capital forecast for 2011/12 totals £58.7m. A summary by directorate and funding source is provided in Table A below.

Table A – Funding of 2011/12 Capital Forecast

Directorate	2011/12 Forecast £'000	Prudential Borrowing £'000	Revenue Contribution £'000	Grants & Contributions £'000	Capital Receipts Reserves £'000
People's Services	21,752	1,014	-	20,524	214
Places & Communities	28,423	3,001	13	21,578	3,831
Corporate Services	8,187	6,878	95	612	602
Contingency	383	383	-	-	-
Total	58,745	11,276	108	42,714	4,647

2. The changes from the previous forecast are due to the following:-
- The funding awarded to refurbish Ross library was returned to the corporate funding pot in 2010/11 however additional costs have fallen due in 2011/12 so this funding has been released.
 - Further changes expected between now and the financial year end include the capitalisation of ICT costs incurred in year regarding PC standardisation and software development costs and the permitted capitalisation of borrowing costs incurred during the year of approximately £100k.

3. **Table B - Schemes with a forecast exceeding £500k in 2011/12**

Scheme	Spend to end February £'000	2011/12 Forecast £'000	Comments
People's Services			
Hereford Wyebriidge Academy	3,125	5,852	Scheme within budget and on schedule, new building open with official opening scheduled for September 2012
Schools Devolved Capital Programme	2,522	3,755	Devolved funding allocations and brought forward capital funding to schools, any slippage can be carried forward
Condition property works	1,788	2,696	Annual programme of works at various sites committed on a highest need first basis
SEN Targeted Capital Fund	1,306	2,417	Block funding allocation towards SEN provision at Hampton Dene, Barrs Court and Blackmarston
Basic Need – Schools	3	2,154	This funding has been allocated to schools through a structured bidding process with remaining funds contributing to the Leominster primary new build

Primary Grant	268	1,731	To provide an all through primary school provision in Leominster, some slippage in the programme has been incurred in finalising scheme details
Places & Communities			
Local Transport Plan	7,366	10,506	Annual programme of capital works to highways, footways and bridges
Yazor Flood Alleviation Scheme	2,756	3,285	Grant funded flood alleviation works in association with Hereford Futures
Grange Court	975	2,213	Refurbishment works underway, expected completion date slipped by contractor
Disabled Facilities Grant	685	1,727	There is a large demand for these grants, applications are progressed through an approval process
Rural Enterprise Grant	1,969	1,667	Various wholly grant funded schemes
Livestock Market	2,181	1,608	New market provision open, additional funding expected
Affordable Housing Grants	486	766	Various grants awarded to approved schemes
Ledbury Library	326	600	This scheme being progressed and £600k spend anticipated
Rotherwas Enterprise Zone	791	653	Spend is being incurred on the enterprise zone in advance of realisation of capital receipts
Ross Library	303	596	Additional costs incurred
Street lighting	-	560	New revenue financed capital budget
Connect 2	347	509	Non-motorised connection between the city centre and Rotherwas
Putson Community Building	50	500	S106 funded new build
Corporate Services			
Hereford Leisure Pool	2,333	3,306	Phase 2 works to complete in May
Capitalisation direction	844	1,543	To fund the statutory element of redundancy costs paid during this financial year
Corporate accommodation	1,460	1,350	Works at Plough Lane and Franklin House, budget will be brought forward to fund
Herefordshire's ICT efficiencies	1,078	846	Improved ICT provision to generate efficiencies, additional funding expected
Smallholdings	585	672	Improvement works to smallholding estate to generate capital receipts
Sub Total	33,547	51,512	
Schemes with a budget <£500k in 2011/12	3,689	7,233	
Total	37,236	58,745	

Prudential Borrowing

4. A summary of the forecast Prudential Borrowing (PB) position is set out below.

	£'000	£'000
2011/12 Original Prudential Borrowing Forecast		10,920
Add: Halo loan	1,790	
Ross library	596	
Street lighting and traffic signals upgrades	776	
Capitalisation direction	1,543	
		4,705
Less: Slippage into future years		(4,349)
Expected use of Prudential Borrowing in 2011/12		11,276

5. The slippage of capital funds into future years relates to the corporate accommodation and Ledbury library budget re-profiling.

Capital Receipts Reserve

6. The opening capital receipts reserve balance was £6.8m as at 1st April 2011. During 2011/12 £4.6m is expected to fund the capital forecast and receipts are expected from the sale of Hillrise and the Stanhope retail development agreement.