

8. CAPITAL PROGRAMME – FINAL OUTTURN 2002/03

Report By: County Treasurer

Wards Affected

Countywide

Purpose

1. To advise Strategic Monitoring Committee of the Capital Outturn for 2002/03.

Financial Implications

2. The report has no direct financial implications.

Considerations

3. The final capital programme outturn for 2002/03 totalled £32,500,000 compared to an original budget of £27,370,000, which represents an increase of £5,130,000 or 19%. The main reason for this increase is owing to the transfer of the housing stock in November, which involved capitalised costs of £4,130,000 in 2002/03. Other increases amounting to £2,450,000 reflect additional borrowing approvals and grant funding received after the establishment of the original capital programme budget. The final outturn, therefore, represents 95% of the adjusted capital budget. Appendix 1 gives a detailed breakdown. Appendix 2 provides details of specific movements in individual capital programme areas.
4. The programme is financed by credit approvals of £14,010,000, grants totalling £9,720,000 and capital receipts and reserves totalling £8,770,000. Key points to note include:
 - A significant proportion of the approved programme has been spent in year, indicating improved programming and monitoring capacity.
 - Basic Credit Approval (BCA) funding of £900,000 has been transferred to Warwickshire, this will be returned in 2003/04.
 - Capital reserves amounting to £570,000 have been used in place of revenue contributions to capital in order to enhance the revenue reserves position within the Council's overall unallocated reserves.
 - No conditional funding resources have been lost and the Council has maximised the use of resources available.
5. The overall management of the capital programme is improving with regular monitoring exercises being carried out during the year. Regular reports have been produced for Chief Executive's Management Team, Cabinet and Strategic Monitoring

Committee highlighting movements in the forecast. This process ensures that no conditional capital resources are lost.

Conclusion

6. Capital monitoring systems and procedures continue to be developed and improved through the cross directorate Capital Programme Monitoring Working Group.

RECOMMENDATION

THAT Strategic Monitoring Committee note the position.

BACKGROUND PAPERS

- None identified.

APPENDIX 1

CAPITAL OUTTURN 2002/03

Capital Programme Area	Original Budget	Outturn	Variance	
	£'000	£'000	£'000	%
Education	4,327	5,760	1,433	33%
Social Care	247	618	371	250%
P&F – Property	100	865	765	865%
P&F – General	4,548	320	(4,228)	(93%)
P&F – eModernisation	-	968	968	N/a
Environment Planning	4	4	-	0%
Environment General	9,399	9,745	346	4%
Social Development	792	873	81	10%
Economic Development	1,508	849	(659)	(44%)
Housing Revenue Account	3,653	3,250	(403)	(11%)
Strategic Housing	2,771	3,687	916	33%
HCS	16	66	50	413%
Joint Finance	-	1,358	1,358	N/a
Outturn	27,365	28,363	998	4%
Housing Revenue Account – LSVT	-	4,132	4,132	N/a
Total Outturn	27,365	32,495	5,130	19%

SPECIFIC MOVEMENTS IN INDIVIDUAL CAPITAL PROGRAMME AREAS

2.1 Education

New schemes have been identified throughout the year and a number of schemes have slipped for various reasons. The main reason for the increase in capital expenditure relates to the inclusion of £1,294,000 for National Grid for Learning schemes and £300,000 relating to various enhanced maintenance capital works for which external funding has been obtained. The overdrawn capital receipts reserve for this area has been repaid during the year.

2.2 Social Care

The increased expenditure for the year relates to £185,000 Local Public Service Agreement (LPSA) capital grant funded expenditure, £100,000 capitalised revenue costs which enhances the Council's revenue reserve position and £92,000 Improving Information Management expenditure financed by capital grant.

2.3 Property

The budget has increased by £448,000 relating to the Hillside Intermediate Care Unit capital project funded by the Primary Care Trust capital grant. There were also £188,000 capitalised revenue costs enhancing the Councils revenue reserve position.

2.4 Policy & Finance

The original budget includes £3,798,000 relating to capital projects now within the eModernisation programme area. The Info in Bromyard capital project has slipped by £502,000 (to be funded by BCA) which will be spent in 2003/04.

2.5 eModernisation

This programme area is continuing to be developed with the capital projects constantly being reviewed and amended.

2.6 Environment

The environment capital programmes increased spend relates to Ross Flood Alleviation £130,000 funded by Supplementary Credit Approval (SCA), capitalised revenue expenditure £151,000 enhancing the revenue reserve position and the Bye Street toilets Ledbury capital cost of £124,000 which was funded through the Capital Receipts Reserve.

2.7 Social Development

The increased spend is mainly due to the Hereford Health Suite over spending by £40,000. The total spend is unfunded by £158,000, which is being financed by Corporate Capital Receipts Reserve until new sources of funding have been identified which will be used to repay this amount.

2.8 Economic Development

The reduction is mainly due to slippage of £365,000 on the original budget for the Leominster Industrial Estate Access road. The project is scheduled to start in September.

2.9 Housing Revenue Account

This will close one year from the date of transfer of the housing stock. The major repair allowance funding for the year was reduced due to the Housing Stock Transfer. It was recognised before the date of transfer that the HRA Capital Programme was over-committed by some £777,000. This was due to the Major Repairs Allowance being reduced from a full year sum to a smaller sum to cover the period prior to transfer. The final over-commitment was £821,000. This over-spend is being met by Housing capital receipts but it has been agreed that Herefordshire Housing will reimburse the Council for £476,000 of this cost.

2.10 Strategic Housing

The Social Housing grants spend has increased from the original budget by £638,000, mainly due to commitments carried forward and underspends in previous years. Also included is £130,000 being the cost of moving from Housing Benefit to Rent Allowance following the housing stock transfer.

2.11 Herefordshire Commercial Services

The original budget did not include the cost of moving Grafton Depot of £50,000.

2.12 Joint Funding

This budget was not included as an original budget and is dependent on external grants. These schemes will be integrated into programme areas in the future.

2.13 LSVT Costs

The housing stock was transferred in November. The transfer incurred costs, to be met from the capital receipt, of £4,132,000. The levy of £3,379,000 will be paid in 2003/04 and rent allowance capitalisation cost of £990,000 will be paid over the next three years.