

2007/08 CAPITAL PROGRAMME BUDGET MONITORING

OVERALL SUMMARY POSITION

1. The capital programme forecast outturn for 2007/08 as at 31st January 2008 totals £53.418m, which is an increase of £250k from the previous capital programme forecast outturn for 2007/08 as at 30th November 2007. This is mainly due to the inclusion of a further property purchase under the Edgar Street Grid development expected to complete before the financial year end.
2. A summary of the overall capital programme position for 2007/08 is provided in table B1. Detailed capital programmes for directorates are reported to the relevant scrutiny committees. No conditional funding resources are expected to be lost.
3. Details of total capital scheme costs, their funding, spend to date and any potential issues for capital schemes with a revised forecast spend for 2007/08 exceeding £500k are provided in table B2.

CHILDREN AND YOUNG PEOPLE'S SERVICES DIRECTORATE

4. The capital programme forecast for this directorate has increased slightly to £12.251m although actual spend to the end of January is low at £6.434m with large amounts of expenditure on Riverside expected to go through before the end of March.
5. Indicative funding allocations for the next three years capital programme have been received, a separate report to Cabinet detailing the three year strategy will follow.

CORPORATE AND CUSTOMER SERVICES DIRECTORATE

6. The capital programme forecast has not changed although additional expenditure on the Info by Phone capital scheme has been incurred. One reason for the overspend is the delay encountered in going "live". There is capital grant and revenue funding available to fund this overspend.

HEREFORDSHIRE CONNECTS

7. Following Cabinet's review of the council's financial prospectus only the Core Logic social care solution is included in the revised capital programme.

ENVIRONMENT SERVICES DIRECTORATE

8. The capital programme forecast for this directorate has increased slightly to £27.585m although actual spend to date totals £16.317m with commitments totalling £6.011m. The capital forecast is expected to be fully committed by bringing forward schemes that can complete where other schemes have been delayed.

VAT

9. HM Revenues and Customs announced in January that authorities are not required to do a VAT Partial Exemption calculation for 2007/08. This arose largely because of concerns surrounding the impact of this limit on smaller authorities. The review underway is looking at options including various forms of aggregation that might produce a fairer result following which recommendation will be made to the Treasury.

Adoption of changes will also require the necessary legal changes meaning that the position for 2008/09 is unclear at the moment. This is a concern because the bulk of expenditure on the provision of a crematorium (which is a VAT exempt scheme which cannot be "opted to tax" so must be managed within the 5% limit) will fall into 2008/09.

Prudential Borrowing Position as at 31st January 2008

10. A summary of the Prudential Borrowing position for 2007/08 is set out below.

2007/08 Original Prudential Borrowing Allocation		£16,995,000
Add: Subsequent Allocation (Rotherwas Futures)		£90,000
Add: Slippage from 2006/07		£16,288,000
Less: Slippage into future years	(£22,897,000)	
No longer required	(£1,074,000)	
Funded by available SCE(R)	(£125,000)	(£24,096,000)
Forecast use of Prudential Borrowing in 2007/08		<u>£9,277,000</u>

Capital Receipts Reserves Position as at 31st January 2008

11. The capital receipts reserve totalled £22.426m as at 1st April 2007. Capital receipts of £1.850m have been received to date, mainly in relation to the sale of small holdings. £7.136m is expected to be used to fund 2007/08 capital programme. The remaining balance will be used to fund future year's capital programme including strategic housing, Rotherwas Futures and the provision of a cattle market.

TABLE B1

FUNDING OF REVISED 2007/08 CAPITAL PROGRAMME

Capital Programme Area	2007/08 Revised Forecast 31/01/08	SCE(R)	Prudential Borrowing	Grant	Revenue Contribution	Capital Receipts Reserves
	£'000	£'000	£'000	£'000	£'000	£'000
Children & Young People's Services	12,251	2,163	2,275	5,173	-	2,640
Resources	2,296	-	254	1,931	60	51
Corporate and Customer Services	322	-	322	-	-	-
Herefordshire Connects	944	-	944	-	-	-
Environment Services	27,585	7,582	4,088	15,822	45	48
Adult and Community Services	10,020	218	1,394	3,954	56	4,398
Total Revised Forecast	53,418	9,963	9,277	26,880	161	7,137
<i>November Forecast</i>	<i>53,168</i>	<i>9,963</i>	<i>9,296</i>	<i>26,645</i>	<i>161</i>	<i>7,103</i>
<i>Change from September</i>	<i>250</i>	<i>-</i>	<i>(19)</i>	<i>235</i>	<i>-</i>	<i>34</i>

<u>Reported to date</u>						
<i>Original Budget</i>	<i>65,462</i>	<i>9,963</i>	<i>28,256</i>	<i>18,358</i>	<i>170</i>	<i>8,715</i>
<i>July 2007 Forecast</i>	<i>62,433</i>	<i>9,963</i>	<i>15,926</i>	<i>25,781</i>	<i>54</i>	<i>10,709</i>
<i>Sept 2007 Forecast</i>	<i>61,602</i>	<i>9,963</i>	<i>16,503</i>	<i>25,291</i>	<i>54</i>	<i>9,791</i>
<i>Nov 2007 Forecast</i>	<i>53,168</i>	<i>9,963</i>	<i>9,296</i>	<i>26,645</i>	<i>161</i>	<i>7,103</i>
<i>Jan 2008 Forecast</i>	<i>53,418</i>	<i>9,963</i>	<i>9,277</i>	<i>26,880</i>	<i>161</i>	<i>7,137</i>

Schemes with a forecast spend exceeding £500k in 2007-08

Scheme Detail By Directorate	Whole Scheme Cost £'000	Funded by	Current 2007-08 expenditure forecast £'000	Actual spend to 31-01-08	Comments
Children & Young People's Services					
Sutton Primary Replacement School	2,811	Grant, Parish Council & capital receipts	2,144	1,238	Scheme running behind schedule due to weather, expected completion in May
Riverside Amalgamation	9,005	Grant & capital receipts	4,540	2,334	Scheme approximately five months ahead of schedule, should complete in September
Minster School Replacement	20,086	Grant	866	96	This scheme is out to tender and will be reviewed in April
Condition property works	n/a	SCE®	900	623	Annual programme of works fully committed on a highest need basis
Resources					
Property Purchase	1,446	Grant	1,446	1,422	Purchase under Edgar St Grid development
Corporate & Customer Services					
Herefordshire Connects – Social Care Solution	1,452	Prudential borrowing	944	-	Capitalisation of spend incurred to be reviewed
Environment Services					
Rotherwas Access Road	11,697	Grant, LTP & prudential borrowing	7,459	5,989	Construction to complete in April, compensation events yet to be agreed
Crematorium	3,150	Prudential borrowing	810	465	Work on site started in January and is expected to complete in November
Road Maintenance	n/a	LTP allocation	5,863	3,539	Budget not fully committed however capitalisation of revenue works to reviewed
Hereford Flood Defences	2,172	Private developer	2,172	-	Terms of deed to transfer to Environment Agency finalised, completion should follow

Scheme Detail By Directorate	Whole Scheme Cost £'000	Funded by	Current 2007-08 expenditure forecast £'000	Actual spend to 31-01-08	Comments
Footways	n/a	LTP allocation	1,065	436	Annual programme of works yet to be fully committed
Ross on Wye Flood Alleviation	6,974	Grant	5,000	1,797	Scheme in progress with anticipated completion in September
Assessment Strength of Bridges	n/a	LTP allocation	750	520	Annual programme of works fully committed
<i>Adult & Community Services</i>					
Cattle Market	5,022	Capital receipts	1,150	233	Land purchase to complete in March
Affordable Housing Grants	n/a	Capital receipts	2,000	1,754	Annual programme of works
Private Sector Housing	n/a	Grant & capital receipts	833	439	A tightening of the eligibility criteria has resulted in the slowing of grant approvals
Friar St Museum and Resource Centre	2,040	Grant, borrowing & capital receipts	1,364	805	Scheme largely complete with retention period ending in November 2009
Rotherwas Futures Est. Dev. Work	4,358	Grant & capital receipts	668	405	Total scope of scheme and costs thereof to be finalised
Disabled Facilities Grant	n/a	60% grant & 40% capital receipts	920	548	More grants approved due to increasing demand to assist independent living
Aylestone Hill Park	627	Prudential borrowing & private developer	507	518	Phase complete, future phases will commence upon receipt of developer funding
Total			41,401	23,161	
Schemes with a forecast spend in 2007/08 of less than £500,000			12,017	6,603	
Total			53,418	29,764	