

MEETING:	AUDIT AND GOVERNANCE COMMITTEE
DATE:	17 SEPTEMBER 2010
TITLE OF REPORT:	MAJOR PROJECTS STATEMENT
PORTFOLIO AREA:	RESOURCES

CLASSIFICATION: Open.

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 the contents of the report be noted.

Key Points Summary

- The overall capital programme for 2010/2011 totals £77.7m.
- 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.

Introduction and Background

- 3 Audit and Governance Committee has requested a regular 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 faced a reduction in capital resources and will continue to see a further reduction in the foreseeable future. This will inevitably affect our ability to bring forward new capital projects. As a result the Council will need to give serious consideration to more innovative methods of funding future capital projects.
- 6 The current 2010/11 programme forecast is £77.7m. This is a net decrease of £0.2m over the original capital programme. The principal reasons for the decrease represent funding cuts by central government counteracted by the allocation of new funds and 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.
- 7 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.
- 8 The major projects all have links to corporate themes. In addition the detailed capital programmes are reported to relevant scrutiny committees.
- 9 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.
- 10 The legislative framework for local authority borrowing changed on 1st 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.
- 11 The other significant source of funding is capital grants and contributions. In Herefordshire £40.5m of the £77.7m forecast programme is grant funded. The majority of the grant funding is for projects in the Children's and Young People's Directorate (£30m).

Community Impact

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

Financial Implications

- 14 The attached appendix represents a fully funded capital programme. Risks are where schemes overspend. The Capital Strategy Working Group, chaired by the Head of Financial Services, monitors this risk.

Legal Implications

- 15 This report has no legal implications.

Risk Management

- 16 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

- 17 None.

Appendices

- 18 List of schemes with a forecast spend exceeding £500k in 2010/11

Schemes with a forecast spend exceeding £500k in 2010-2011

Scheme	2010/11 Forecast £'000	Spend to end period 4 £'000	Comments
Children's Services			
Hereford Academy	13,256	3,250	Work in progress scheme on schedule both time and budget
Minster Replacement School	4,171	1,902	Work in progress scheme on schedule both time and budget
Co-location	3,328	246	A number of schemes are progressing, the largest based in Bromyard
Devolved Capital Programme	2,050	1,163	Devolved allocation of capital funding to schools
Intervention Centres	1,673	208	14 schemes at high schools are progressing
Primary Grant	1,500	82	This will fund the amalgamation of Leominster's junior and infants school
Childcare / QuAc	1,038	383	Various schemes to complete in 2010/11, waiting for full funding confirmation
TCF Standards and Diversity	675	76	Rural funding towards plant and equipment costs
Wave 2 Playbuilder	607	11	Funding recently unringfenced, waiting for go ahead
Condition property works	600	105	Annual programme of works at various sites committed on a highest need first basis, budget under pressure
Resources			
Corporate accommodation	3,000	63	Programme manager recently appointed
Smallholdings	723	61	Regulatory works at various sites
Hereford Leisure Pool	600	-	Refurbishment works recently approved
Deputy Chief Executive			
Herefordshire Connects	2,780	649	Anticipated HR and finance system to go live April 2011

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

Sustainable Communities			
Road, Bridge & Footway Maintenance	11,769	2,793	Annual programme of Amey works
Livestock Market	5,800	7	Access and preliminary works underway
Ledbury library	2,339	7	Scheme under review
Rural Enterprise Grant	1,667	484	Various grant funded schemes
Grange Court	1,500	20	Refurbishment works prior to lease
Credenhill flood alleviation scheme	1,500	149	Grant funded alleviation works in association with Hereford Futures
Affordable Housing Grants	1,338	216	Annual allocation of grants to various schemes
Mandatory Disabled Facilities Grant	1,230	308	Various schemes are referred and committed before expenditure is recorded
Extreme winter highway damage	1,017	-	Large amount of works expected to be completed in August
Ross library	1,000	25	Scheme under review
Hereford City Centre Enhancements	891	343	Improvement works to complete in November
Rotherwas Futures Estate Development Work	718	(395)	The negative spend to date represents an opening creditor for infrastructure costs
Private Sector Housing	697	43	Schemes will be reduced to be replaced by available Kickstart loans
Sustrans Connect 2	558	14	Permission required for identified scheme outstanding
Sub Total	68,025	12,160	
Schemes with a budget <£500k in 2010/11	9,704	1,113	This includes the Riverside capital scheme which is being temporarily funded from the primary grant funding allocation
Total	77,729	13,273	