

Capital Monitoring Summary

1. The capital forecast outturn for 2010/11 totals £77.7m, a summary by directorate spend and funding thereof is provided in Table A below.

Table A – Funding of 2010/11 Capital

£'000	2010/11 Forecast	SCE(R)	Prudential Borrowing	Grant	Revenue Contribution	Capital Receipts Reserves
Children's Services	31,739	915	480	29,951	65	328
Resources	4,708	-	3,926	33	-	749
Deputy Chief Executive	2,838	-	2,838	-	-	-
Adult Social Care	974	-	300	551	-	123
Sustainable Communities	37,133	12,315	7,061	9,912	-	7,845
Public Health	337	-	282	22	-	33
Total	77,729	13,230	14,887	40,469	65	9,078

2. The original forecast spends totalled £77.9m. Various changes to the original capital forecast have been identified recognising the inclusion of slippage from the previous year and reductions where funding cuts have been announced. Some capital projects are on hold pending confirmation of funding allocations. Revisions by use of the virement process exceeding £140k are listed below;-
- Disabled facilities grant funding has been increased by £215k through a funding allocation from housing capital receipts reserve
 - Affordable housing grants budget has been increased by £250k through a funding allocation from housing capital receipts reserve
 - Highways budget has been increased by £1,017k through the allocation of an extreme winter damage central government grant
 - £600k growth area grant funding has been vired to fund the new livestock market infrastructure costs
 - £347k has been vired from the highways maintenance budget to the highway staff costs budget
 - £860k growth area grant funding has been vired to fund the Connect 2 capital project costs
 - £288k prudential borrowing has been allocated to fund the purchase of three gritters, the annual capital financing cost is to be met from revenue which would otherwise be used to fund lease costs
 - The park and ride budget has been reduced by £540k following central government announcements of funding cuts
 - Schools harnessing technology budget has been cut in half - £543k - following central

government announcements of funding reductions

- Schools targeted capital funding has been reduced by £660k following central government announcements of funding cuts
3. Details of total capital scheme costs, funding, 2010/11 budget position and any potential issues for capital schemes with a forecast spend in 2010/11 exceeding £500k are provided in Table B below. Financial completion of the Riverside school should occur this year. This scheme has overspent due to the original contractor going into liquidation which has increased costs in relation to remedial works, site security costs, fees and new contractor costs to enable completion of the scheme. There are a number of proposals underway to recoup this overspend, being the sale of mobile classrooms, the settlement of the original contractor bond and the generation of a site capital receipt.

Table B - Schemes with an expected outturn exceeding £500k in 2010/11

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
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	

4. This report has been presented to the Capital Strategy Working Group, whose remit is to focus and investigate any exceptional deviations from the approved capital scheme.

Prudential Borrowing

5. A summary of the Prudential Borrowing position is set out below.

	£'000	£'000
2010/11 Original Prudential Borrowing Forecast		18,601
Add: Slippage from 2009/10	4,789	
New funding allocations	467	
		5,256
Less: Slippage into future years	(8,869)	
No longer required	(101)	
		(8,970)
Expected use of Prudential Borrowing in 2010/11		14,887

The bulk of slippage into future years relates to the accommodation strategy, a forecast spend of £3m is expected this year.

Capital Receipts Reserve

6. The capital receipts reserve totalled £13.3m as at 31st March 2010; £9.1m of this is expected to fund the 2010/11 capital programme. The bulk of commitments include funding the provision of a livestock market.