

## Capital Forecast

1. The capital forecast for 2011/12 totals £57.3m. 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	Grant £'000	Capital Receipts Reserves £'000
People's Services	21,752	1,014	20,524	214
Places & Communities	27,614	3,516	20,655	3,443
Corporate Services	7,600	6,706	612	282
Contingency	383	383	-	-
<b>Total</b>	<b>57,349</b>	<b>11,619</b>	<b>41,791</b>	<b>3,939</b>

2. The changes from the previous forecast are due to the following:-
- The Hereford leisure pool budget has been increased to represent S106 receipts received and the allocation of prudential borrowing (to be repaid by HALO's increased future income stream) to enable the completion of the capital works.
  - The successful receipt of a capitalisation direction (£1.5m) from the Department for Communities and Local Government to enable the Council to capitalise statutory redundancy costs incurred in this financial year. This is the maximum sum available to be utilised and results in the Council being able to spread the cost incurred over a number of financial years.

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

Scheme	Spend to end August £'000	2011/12 Forecast £'000	Comments
<b>People's Services</b>			
Hereford Wyebridge Academy	2,051	5,852	Scheme within budget and on schedule, new building works complete
Schools Devolved Capital Programme	761	3,755	Devolved allocation and carry forward of capital funding to schools
Condition property works	366	2,696	Annual programme of works at various sites committed on a highest need first basis
SEN Targeted Capital Fund	1,071	2,417	Block funding allocation towards SEN provision at Hampton Dene, Barrs Court and Blackmartons
Basic Need - Schools	-	2,154	This funding is being allocated to schools through a bidding process, approved schemes will be notified in September
Primary Grant	133	1,731	To provide an all through primary school provision in Leominster

<b>Places &amp; Communities</b>			
Local Transport Plan	3,296	10,348	Annual programme of works to highways, footways and bridges
Ledbury Library	26	2,487	This is the original funding allocation, scheme being progressed on a piecemeal basis
Grange Court	475	2,213	Refurbishment works underway
Disabled Facilities Grant	265	1,727	There is a large demand for these grants, applications are progressed through an approval process
Rural Enterprise Grant	694	1,667	Various grant funded schemes
Credenhill Flood Alleviation Scheme	1,502	1,617	Grant funded flood alleviation works in association with Hereford Futures
Livestock Market	1,784	1,352	New market provision open
Broadband Pilot	-	1,000	Herefordshire's Pilot scheme awarded by central government
Affordable Housing Grants	380	766	Various grants awarded to approved schemes
Rotherwas Futures	240	528	Work progressing on the northern access road
Connect 2	135	509	Non-motorised connection between the city centre and Rotherwas, preferred route in planning
Putson Community Building	21	500	S106 funded new build
<b>Corporate Services</b>			
Hereford Leisure Pool	1,834	3,396	Improvement works to complete in November
Corporate accommodation	593	1,100	Budget allocated to deliver a new headquarters, building work expected to start in 2012/13
Herefordshire's ICT efficiencies	490	638	Improved ICT provision to generate efficiencies
<b>Sub Total</b>	<b>16,117</b>	<b>48,453</b>	
<b>Schemes with a budget &lt;£500k in 2011/12</b>	<b>2,436</b>	<b>8,896</b>	
<b>Total</b>	<b>18,553</b>	<b>57,349</b>	

## Prudential Borrowing

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

	<b>£'000</b>	<b>£'000</b>
2011/12 Original Prudential Borrowing Forecast		10,920
Add: Halo loan	1,700	
Capitalisation direction	<u>1,543</u>	
		3,243
Less: Slippage into future years		(2,544)
Expected use of Prudential Borrowing in 2011/12		11,619

5. The slippage of funds into future years relates to schemes slipping into 2011/12 and then into 2012/13, the main scheme slippage relates to the corporate accommodation capital scheme.

## Capital Receipts Reserve

6. The opening capital receipts reserve balance was £6.8m as at 1st April 2011. During 2011/12 £3.9m is expected to fund the capital forecast and receipts are expected from the sale of Hillrise and the former Whitecross school site. The remaining capital receipts reserve balance is earmarked to fund corporate accommodation, any remaining compensation claims relating to the Rotherwas development and an element of infrastructure works required as part of Hereford Futures.