

## Capital Outturn 2011/12

- The capital outturn for 2011/12 totals £49.4m, £9.3m less than forecast in February. The main reason for this decrease is as a result of scheme forecast spend slipping into future years, including grant funded spend against the schools basic need funding allocation and spend on the new all through primary school in Leominster. A summary by directorate and funding source is provided in Table A below.

**Table A – Funding of 2011/12 Capital Outturn**

Directorate	2011/12 Outturn £'000	Prudential Borrowing £'000	Grants & Contributions £'000	Capital Receipts Reserves £'000
People's Services	14,420	438	13,731	251
Places & Communities	25,498	2,426	20,072	3,000
Corporate Services	9,519	7,438	839	1,242
<b>Total</b>	<b>49,437</b>	<b>10,302</b>	<b>34,642</b>	<b>4,493</b>

- The changes from the previous forecast are due to the following;-
  - As part of the closedown process the revenue account was reviewed for any spend of a capital nature. This resulted in £597k of spend incurred on boilers, IT and vehicles being capitalised and funded through a combination of the use of contingency, revenue contributions and capital receipts reserve funding. Also, expected revenue contributions to fund capital outlay of £217k were replaced with capital receipts reserve funding and borrowing costs incurred in relation to two capital schemes of £113k were capitalised.
  - Two capital schemes incurred an overspend to budget in 2011/12. These are the new Hereford livestock market and the Rotherwas enterprise zone. Hereford livestock market incurred an overspend of £277k due to additional works being required on site, mainly in relation to providing drainage to the car park. The Rotherwas enterprise zone incurred a timing of funds shortfall of £305k; this is being funded by the capital receipts reserves which will be replenished by future capital receipts from plot sales.
  - Other changes in the main represent slippage; the funding of this slippage has been carried forward. Detailed explanations of changes between outturn and forecast where the scheme spend exceeded £500k in 2011/12 is provided in the table below.

### 3. Table B - Schemes with an outturn exceeding £500k in 2011/12

Scheme	2011/12 Outturn £'000	Scheme Forecast as at February £'000	Explanation of change
<b>People's Services</b>			
Hereford Wyebridge Academy	5,215	5,852	Scheme within budget and on schedule, funding remaining carried forward
Schools Devolved Capital Programme	2,623	3,755	Devolved school grant funding allocations can be and have been carried forward
Condition property works	2,550	2,696	Annual programme of works at various sites, small amount of funding remaining carried forward
SEN Targeted Capital Fund	1,455	2,417	Grant funds committed but not spent so carried forward
Adult social care	849	874	This capital funding has been spent on capital equipment purchased in 2011/12
Co-location schemes	512	500	Final spend on the counties co-location centres, the small overspend has been funded by the schools maintenance grant
<b>Places &amp; Communities</b>			
Local Transport Plan	10,670	10,506	Annual grant funded programme of capital works to highways, footways and bridges
Yazor Flood Alleviation Scheme	3,252	3,285	Small amount of funding remaining carried forward
Rural Enterprise Grant	2,120	1,667	Various wholly grant funded schemes
Livestock Market	2,052	1,608	The overspend on this scheme has been met from using the contingency funds available and capital receipts reserve
Grange Court	1,061	2,213	Expected completion date slipped by contractor, funders have agreed to re-profile their funding into the next financial year
Rotherwas Enterprise Zone	958	653	Spend is being incurred on the enterprise zone in advance of realisation of capital receipts
Disabled Facilities Grant	848	1,727	Grant funding fully spent, remaining funding carried forward
Ledbury Library	548	600	This scheme is being progressed as a series of individual projects.
Connect 2	544	509	Future years' funding brought forward to balance the 2011/12 outturn position
Affordable Housing Grants	486	766	Funding fully committed and carried forward
<b>Corporate Services</b>			
Hereford Leisure Pool	2,669	3,306	Remaining funding carried forward to fund 2012/13 costs
Corporate accommodation	2,452	1,893	Budget available brought forward to fund
Herefordshire's ICT efficiencies	1,156	846	A capital grant of £490k has been received which increases the budget to fund the outturn position
Capitalisation direction	1,058	1,543	Funding approval reduced to match outturn

Customer Organisation Project	703	-	A revenue savings funded capital budget has been allocated to this scheme
Smallholdings	642	672	Small amount of funding remaining carried forward
<b>Sub Total</b>	<b>44,423</b>	<b>47,888</b>	
<b>Schemes with a budget &lt;£500k in 2011/12</b>	<b>5,014</b>	<b>10,857</b>	
<b>Total</b>	<b>49,437</b>	<b>58,745</b>	

## Prudential Borrowing

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

	£'000	£'000
2011/12 Original Prudential Borrowing Forecast		10,920
Add: Halo loan	1,790	
Street lighting and traffic signals upgrades	776	
Capitalisation direction	1,543	
		4,109
Less: Slippage into future years		(4,727)
<b>Use of Prudential Borrowing in 2011/12</b>		<b>10,302</b>

5. The slippage of capital funds into future years mainly relates to corporate accommodation and Ledbury library budget re-profiling.

## Capital Receipts Reserve

6. The opening capital receipts reserve balance was £6.8m as at 1st April 2011. During 2011/12 £4.5m was used to fund capital spend. Receipts of £0.5m were realised leaving a year end balance of £2.8m. Capital receipts are expected from the sale of Hillrise and the Stanhope retail development agreement. In 2012/13 £1.4m has also been received as the council's share from the sale of West Mercia Supplies.