

Capital Forecast

1. The capital outturn forecast for 2012/13 as at the end of February totals £38.1 million, a decrease of £3.2 million reported at the end of January. The changes represent the re-profiling of forecast spend between financial years as follows:-
 - £636k on “Connect 2” as a consequence of a slightly later start date than originally anticipated. Works were originally scheduled to start in autumn 2012 but as a result of additional time taken to secure land to deliver the scheme, works commenced early December 2012. External funding was not affected as a result of this. Works have started on site and the scheme is currently on programme to complete in September 2013.
 - £500k on Rotherwas enterprise zone anticipated spend in relation to providing service connections to the Southern magazine. The works are committed to and will commence early next financial year with actual spend slipping as a consequence.
 - £492k on Blackmarston special school expenditure forecast into 2013/14. This is not anticipated to affect the forecast for completion of the Contract on time and to budget by 1st September 2013.
 - £443k on Leominster primary and infant school amalgamation due to the need to realign the building footprint onto the existing site area. A revised planning application will be submitted in April 2013 for a start on site in July 2013 with final completion in May 2015.
 - £396k on Destination Hereford scheme element 2 which will provide a number of cycle schemes as approved in January to complete by 2014/15, in line with the grant funding requirements.
 - £307k on schools’ Basic Need capital spend. This funding has become uncommitted pending a review of proposed school capital schemes bearing in mind the significantly reduced funding allocation from central government for 2013/14 and 2014/15.
 - £280k on corporate accommodation spend in 2012/13 as a result of delays to the works at Plough Lane due to the re-evaluation of the building’s future usage plus the postponement of the procurement of phones and licences until additional flexible workers go live.
 - £222k on Rotherwas access road budget for compensation claims. Part 1 claims are claimable until late summer 2015 and no more payments are expected between now and the close of this financial year.
 - Accelerated spend of £200k against the profile of spend on the new link road due to increased property acquisition related costs being incurred this year.

No funding resource will be lost as a result of these changes.

2. Revenue costs will be capitalised where possible including interest costs relating to the cost of borrowing for live capital schemes and year-end accruals for works invoiced after the year end (this totalled £4m in 2011/12).
3. A summary by directorate and funding source is provided in Table A. Table B includes individual schemes with a forecast outturn above £500k.

Table A – Funding of 2012/13 Capital Outturn Forecast

Directorate	2012/13 Forecast £'000	Prudential Borrowing £'000	Grants & Contributions £'000	Capital Receipts Reserves £'000
People's Services	6,863	311	6,488	64
Places & Communities	26,649	8,388	15,867	2,394
Corporate Services	4,509	4,052	84	373
Contingency	38	38	-	-
Total	38,059	12,789	22,439	2,831

4. **Table B - Schemes with an outturn forecast exceeding £500k in 2012/13**

Scheme	Spend to end Feb £'000	2012/13 Original Forecast £'000	2012/13 Current Forecast £'000	Comments
People's Services				
Blackmarstons Special School	1,461	3,000	1,933	SEN school extension in progress
Condition property works	922	1,807	1,267	Annual programme of works at various sites committed on a highest need first basis. The funding has decreased in 12/13 as a result of a number of schools converting to academies
Basic Need – Schools	602	-	1,217	This funding has been allocated to schools through a structured bidding process. This relates to grant funding brought forward from previous years.
Hampton Dene	603	750	708	SEN school specialist unit works complete
Places & Communities				
Local Transport Plan	6,161	9,985	9,985	Annual programme of capital works to highways, footways and bridges, This funding has been cut by 5% from the 2011/12 funding allocation
Link Road	6,351	4,593	6,470	Key property purchase complete
Grange Court	720	-	1,152	Refurbishment works complete
Connect 2	217	1,779	1,100	Cycle footpath connection between the city centre and Rotherwas, site works have commenced
Disabled Facilities Grant	650	-	1,000	There is a large demand for these grants, processing is dependent on the rate of referrals. This represents grant funding (unknown when original budget set) plus match funding brought forward.
Putson Community Building	462	-	765	S106 funded new build
Affordable Housing Grants	113	-	729	Various grants awarded to approved schemes, budget fully committed

Rotherwas Enterprise Zone	556	-	600	To enable the provision of serviced plots to private sector inward investors
Ledbury Library	590	2,537	591	Grant funding has been applied for to contribute towards the next phase of works
Rotherwas Relief Road	584	-	584	Final compensation payments falling due
Corporate Services				
Corporate accommodation	2,051	4,580	2,985	Works underway at Plough Lane, the civic hub and the better ways of working project. The new heritage, archive and record centre (HARC) has been granted planning permission
Hereford Leisure Pool	994	-	911	Scheme complete, forecast represents budget brought forward from 2011/12
Sub Total	23,037	29,031	31,997	
Schemes with a budget <£500k in 2012/13	5,775	14,998	6,062	
Total	28,812	44,029	38,059	

Prudential Borrowing

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

	£'000	£'000
2012/13 Original Prudential Borrowing Forecast		11,905
Less: Slippage into 2013/14	(1,910)	
Removal of Halo driving range funding	(346)	
Add: Revenue financed IKEN capital scheme	65	
Funding resource swap	301	
Slippage from 2011/12	<u>2,774</u>	
		884
Expected use of Prudential Borrowing in 2012/13		12,789

Capital Receipts Reserve

6. The opening capital receipts reserve balance was £2.8 million as at 1st April 2012. This has been increased by £1.4 million by the capital receipt share from the sale of West Mercia Supplies and £1.5 million from the sale of the old livestock market (£0.5m of this receipt is anticipated to become repayable). Of this total £2.8 million will be used to fund capital expenditure in 2012/13 with the balance remaining earmarked to fund future year's capital expenditure.