

FUNDING ARRANGEMENTS FOR RIVERSIDE PRIMARY SCHOOL AND SUTTON ST NICHOLAS PRIMARY SCHOOL

PORTFOLIO RESPONSIBILITIES: CHILDREN & YOUNG PEOPLE, CORPORATE STRATEGY & FINANCE AND RESOURCES

CABINET

12TH APRIL, 2007

Wards Affected

St Martins and Hinton, Sutton Walls.

Purpose

To inform Cabinet of the key decision taken by the Leader, Cabinet Member (Children & Young People) and Cabinet Member (Resources) on additional funding arrangements made for the above two schools.

Key Decision

This is not a Key Decision.

The Leader, Cabinet Member (Children & Young People) and Cabinet Member (Resources) took a Key Decision (22nd March) in line with the Cabinet's decision on 22nd February, 2007 to defer this matter for their further consideration.

Recommendations

- THAT (a) the action taken by the Cabinet Members identified above to put in place the additional funding required for both capital schemes be noted (the attached Cabinet Member Key Decision report refers); and**
- (b) the additional £50,000 funding from capital receipt reserves for the rainwater harvesting system for the Sutton St Nicholas scheme to be reinstated be agreed.**

Reasons

To inform Cabinet of actions taken.

Considerations

1. Cabinet received the Month 8 Integrated Performance Report on 22nd February, 2007. The capital monitoring appendix to that report highlighted a funding gap of some £2.23m on the Riverside and Sutton St Nicholas replacement primary school projects. The financial performance monitoring exercise in early February 2007 leading up to the production of the Month 8 report identified the significant issue and included a suggested solution as the most expeditious way of allowing contracts to be let.

2. Cabinet noted the position and agreed to refer the matter to the Leader, Cabinet Member (Children & Young People) and Cabinet Member (Resources) for decision. The preferred tender for the Sutton St Nicholas scheme guaranteed prices for a three month period after tender submission. This period expired leading to a further increase in additional funding required of £50,000 taking the total funding gap to £2.28m. This addition was included in the Cabinet Member Key Decision report (see attached).
3. The Children & Young People's Scrutiny Committee carried out an informal review of the Cabinet Member Key Decision on 20th and 22nd March, 2007. The Scrutiny Committee recommended that the rainwater harvesting system be reinstated in the Sutton St Nicholas project at a cost of £50,000, a recommendation that was accepted by the Cabinet Members delegated to resolve the issue. The contract has been let on this basis, on the understanding that if not agreed by full Cabinet cost reductions of £50,000 would be found to keep the overall increase in the budget required for these two projects to £2.28m.
4. The following table sets out the overall funding shortfall for these two schemes – including the rainwater harvesting system:

Shortfall		£2,330,000
Less DfES grant	- 1,022,000	
Less capital receipts	- 1,308,000	<u>£2,330,000</u>
Balance		<u>£0,000,000</u>

Risk Management

Having reached this stage the only major risk to either project is the appointed contractor going into liquidation. Both lowest tenderers are tried and tested contractors and it is felt that this risk is low.

Alternative Options

At Riverside Primary School the only alternative option would be to build a 420 place School instead of a 630 place School, as the project began with phase 1 in the Summer of 2006 with the decanting of junior aged children into temporary buildings.

A smaller School could save £500,000, but extending to a 630 place School at a later date would cost up to £1m. Given the number of children living in the area, a 630 place School is needed.

At Sutton Primary School, the only alternative is the abandonment of the project.

Consultees

Cabinet Member for Children and Young People.
 Cabinet Member for Resources.
 Children's Services Scrutiny Committee.
 Headteachers and Governors of both Schools.

Appendices

Cabinet Member Key Decision Report dated 22nd March, 2007.

Background Papers

None identified.