

# **CAPITAL FUNDING FOR RIVERSIDE PRIMARY SCHOOL & SUTTON COUNTY PRIMARY SCHOOL**

## **REPORT BY HEAD OF COMMISSIONING & IMPROVEMENT AND HEAD OF FINANCIAL SERVICES**

**REPORT TO CABINET MEMBERS: (CHILDREN AND YOUNG PEOPLE),  
(CORPORATE STRATEGY AND FINANCE) AND (RESOURCES)**

**DATE REPORT CONSIDERED AND DECIDED BY CABINET MEMBERS:  
22ND MARCH, 2007**

**DATE DECISION CAN BE IMPLEMENTED: 29TH MARCH, 2007**

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### **Wards Affected**

St Martins and Hinton, Sutton Walls.

### **Purpose**

To report on the capital funding for the Riverside Primary School and Sutton County Primary School projects.

### **Key Decision**

This is a Key Decision because it is likely to result in the Council incurring expenditure above agreed budgets for the service (as shown as a line in the budget book) to which the decision relates but allowing for virements between budget heads and savings within budget heads of up to £500,000 and;

it would be significant in terms of its effect on communities living or working in Herefordshire in an area comprising one or more wards.

Notice is served in accordance with Section 15 of the Local Authorities (Executive Arrangements) (Access to Information) Regulation 2000.

### **Recommendations**

**THAT the capital projects at Riverside Primary School and Sutton County Primary School proceed on the tenders received, subject to the reduction in the latter scheme through reducing the size of the new building.**

### **Reasons**

To make progress on the two schemes within the resources available.

## Considerations

1. Cabinet on Thursday 22nd March received a report on the 2006/07 Capital Programme which identified a gap of £2.23m between the lowest tenders for these two projects and the resources available. It is now evident that one subcontractor has been affected by rising steel costs and the gap has increased by £50k to £2.28m.
2. This gap followed initial reductions in the specifications for both schemes, and the use of corporate capital receipts, some of which had been derived from the sale of school land surplus to requirements.
3. Cabinet resolved that the matter be delegated to the respective Cabinet Members and the Leader to agree a way forward.
4. Since that meeting there has been further discussion, which has reduced the scheme at Sutton by making alternative arrangements for the library, ICT resource area and administrative rooms. It is estimated that this will reduce the cost by £100k. There has also been discussion over the use of the anticipated capital receipt (estimated to be over £500k) at Riverside. It has been established that this capital receipt, because it is not yet realised, has not yet been factored in to the assessment of the resources available to the Council. The achievement of that capital receipt depends on the Riverside scheme progressing. The corporate policy on capital receipts is not to earmark receipts to directorates or service areas but any sale arising from the Riverside scheme progressing will make a further contribution to the overall position. It will then be available for use following decisions by members. The balance could therefore be met from the Council's current overall capital receipts reserve and backfilled when the capital receipt is realised.
5. An early decision is required as both tenders will soon be outside their validity period, and contractors would be entitled to increase their figures if re-tendering was necessary.

## Funding

The following tables outlines the revised funding arrangements

	£m
Shortfall	2.28
Less:	
Further scheme reduction at Sutton	-0.100
Less DfES grant	-1.022
Less Capital Receipts	<u>-1.158</u>
Balance	<u>0.0</u>

## **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 2006 with the decanting of Junior aged children into temporary buildings.

A smaller school could save £500k, 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 and either the retention of the existing school buildings or amalgamation with Marden Primary School. Either option would leave the community provision in abeyance, and require the return of the £1.6m grant to the DfES.

## **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.

## **Consultees**

The Chair and acting Headteacher of Sutton County Primary School were consulted on the additional reductions.

## **Background Papers**

Item 12 – Report to Cabinet 22.02.07