

**CAPITAL BUDGET REPORT 2008/09****Report By: Schools Planning & Access Manager****Wards Affected**

Countywide

**Purpose**

1. To report the capital budget position for 2008/09 for the Children & Young People's Directorate and to provide detailed information on variances between planned expenditure and the forecast outturn at 31<sup>st</sup> March 2009.

**Financial Implications**

2. As set out in the report.

**Background**

3. At the Children's Services Scrutiny Committee meeting on 8<sup>th</sup> December 2008 Members requested that greater explanation of funding sources e.g. Sec 106 grants and lottery funding, be included in future reports. Officers have worked hard to ensure that this and future reports will provide Members with the information they need in order to carry out their scrutiny role effectively. Also at the meeting on 8<sup>th</sup> December, Members requested that the issues of temporary classroom accommodation be added to the work programme. As a result, Members will have received a briefing note on temporary classroom accommodation.
4. The Capital Programme Monitoring Summary, as at 16<sup>th</sup> March 2009, is at annexe 1 to this report.
5. The planned capital spend for 2008/09 is £17.6m. The actual forecast spend is £14.6m. The bulk of the variance of £3.0m is accounted for by a small number of capital schemes, the balances for which can be carried forward to 2009/10.
6. It is not unusual for capital schemes to experience some slippage, requiring budgets to be re-profiled across financial years. To a certain extent, this is the nature of capital schemes, which are often developed and implemented over a 3 year period. However, the Council seeks to minimise slippage where at all possible through its capital monitoring processes at both Directorate and Corporate levels. The under spend for 2008/09 equates to 17% of the capital budget and Members will see from this report that a significant proportion of this is due to a contractor on a major school rebuild scheme going into administration, resulting in several months delay to the build programme.
7. Financial year end variances between profiled spend and actual spend are reported to Cabinet and under spends are carried forward to the new financial year. Where the funding is received through a grant a request is made to the funding body, which in most cases is the Department for Children, Schools and Families, for any under spend to be carried forward to the new financial year. Requests have been made in respect of all grant funded schemes which are forecast to under spend by the end of the 2008/09 financial year. All of these requests have received approval from the relevant funding body.

8. The variance of spend against budget is accounted for as follows:

**8.1 Riverside Primary School – Forecast outturn £1,042,885 less than planned spend in 2008/09**

This scheme has been delayed due to the appointed contractor going into administration. A contract has now been put in place with another contractor to complete the scheme. The balance of the 2008/09 funding will be carried forward to 2009/10.

**8.2 Sutton Primary School - Forecast outturn £169,380 more than planned spend in 2008/09**

It is important to stress that this scheme has not over spent. Cabinet approval for this scheme, which was to build a replacement school, was granted on the basis that the scheme would be funded in part by a proportion of the capital receipt from the sale of the old Goodrich Primary School. The old school has been sold and the Council is expecting a capital receipt in respect of this sale imminently.

**8.3 Holmer Flood Alleviation - Forecast outturn £179,419 less than planned spend in 2008/09**

Immediate preventative works have been carried out, but the main work will be undertaken in the new financial year. The balance of the budget will therefore be carried forward to 2009/10.

**8.4 Accessibility – Individual Pupil Needs - Forecast outturn £150,000 less than planned spend in 2008/09**

This budget is used to address specific accessibility issues for pupils who would otherwise be disabled from accessing the curriculum. A number of schemes have been successfully completed, but there are a number of schemes still in progress, to be completed in time for pupils joining schools in September 2009. The balance of the budget will be carried forward to 2009/10 to meet these commitments.

**8.5 Widemarsh Children's Centre - Forecast outturn £192,500 less than planned spend in 2008/09**

Scheme delayed by a planning requirement to provide a flood plain analysis. Balance to be carried forward to spend in 2009/10. Children's Centre to take part occupation in April 2009 and full occupation by June 2009.

**8.6 Quality & Access for all young children - Forecast outturn £633,644 less than DCSF grant allocation for 2008/09**

This is the first year grant of a 3 year grant programme. Along with almost all local authorities, Herefordshire's expenditure will be low in this first year due to the necessary consultation process with childcare providers on targeting this funding to need and to ensure that a robust and transparent grant bidding process is in place. The DCSF has confirmed that the balance can be carried forward to 2009/10.

**8.7 Section 106 - £320,661 of developer contributions to spend within time-scales which are specific to individual contributions.**

The Town & Country Planning Act 1990 allows a local authority to negotiate financial contributions from developers in respect of infrastructure and services. The Council's Planning Obligation Supplementary Planning Guidance document provides a framework for negotiating contributions for Children & Young People's Services, including schools.

Contributions are used to meet the highest asset management plan priorities of the individual school, or groups of schools/establishments in an area, if specific schools are not named.

The following Section 106 developer contributions are currently held by the Children & Young People's Directorate:

8.7.1 The Bradbury Lines, Hereford, developer contribution of £182,443 is provided for education facilities in the area. Possible beneficiaries are: St. Martin's Primary, Our Lady's RC Primary, Blackmarston Special School and swimming provision. The deadline for spend is 25th January 2011.

8.7.2 The Pentland Gardens, Hereford, developer contribution of £46,878 for Trinity Primary School will be spent in 2009/10.

8.7.3 The Bullingham Lane developer contribution of £34,090 for St. Martin's Primary School is available to spend on the school's highest asset management plan priority in 2009/10.

8.7.4 The Withies Road (2) developer contribution of £39,407 will be spent in 2009/10 upon agreement with Withington Primary School and Aylestone High School on the highest asset management plan priority(ies) to be addressed.

8.7.5 The Coughton, Ross-on-Wye, developer contribution of £9,000 will be spent in 2009/10 to help provide sufficient Year 7 places at John Kyrle High School for September 2009.

8.7.6 The balance of £8,842 from the Old Road, Bromyard development will be spent by St Peter's Primary School in 2009/10.

**8.8 Hollybush Children's Centre - Forecast outturn £140,000 less than planned spend for 2008/09**

Remodelling feasibility delayed due to temporary insufficient capacity within architectural services. The scheme is now in for planning. The balance will be carried forward for spend in 2009/10.

**8.9 Extended Schools Grants - Forecast outturn £312,768 less than planned spend for 2008/09**

Extended schools providers are invited to bid for capital grants through a 2 stage process. The first stage is for the bidder to seek agreement in principle to grant funding towards their particular project. If bids are approved in principle, then the applicant is invited to submit a full business case. Upon approval of the business case, a grant is then made.

£150,268 to be carried forward for bids in 2009/10.

£162,500 awarded in grants which have yet to be claimed as individual schools work towards implementing their plans. This funding will be carried forward to 2009/10.

**8.10 Harnessing Technology Grant - Forecast outturn £247,758 less than planned spend for 2008/09**

Grant devolved to schools. Schools have until August 2009 to spend. Balances held by schools will be carried forward in school budgets automatically to 2009/10. The Council will monitor spend between April and July 2009 to ensure that the devolved grant allocations are spent by 31<sup>st</sup> August.

8.11 The total net under spend of the above schemes is £3.0m. This will be carried forward to spend on the relevant schemes in 2009/10.

**RECOMMENDATION**

**THAT the report be noted**

**BACKGROUND PAPERS**

None