

## MONITORING OF EDUCATION REVENUE AND CAPITAL BUDGETS FOR 2003/04

Report By: DIRECTOR OF EDUCATION

### Wards Affected

Countywide

### Purpose

1. To report on expenditure to date on the Education Revenue Budget, and to inform the Committee about the progress of the 2003/04 Capital Programme for Education.

### Financial Implications

2. As specified in the report.

### Report

#### Revenue Budget

3. As in all years, there has been some increase in costs that are projected to exceed particular budget headings as well as some areas of savings. Provision was made to deal with such contingencies.
4. The review of revenue expenditure to the end of November suggests that, overall, it is likely that there will be a small underspend, amounting to about £200,000, (0.25 % of overall budget) by the end of the financial year. Within the overall total, a number of budget adjustments are now being made.
5. **School** budget allocations will need to increase by at least £400,000. Such adjustments are needed mainly to take account of newly delegated banded funding for pupils with SEN in primary schools, and for the extra cost of insurance premiums above the level of inflation. In addition, pupil admissions have increased slightly above the estimated level, with consequential increases needed in the allocations to individual schools. Provision had been made to cover those additional costs.
6. As was reported previously, **central spending within the Schools Budget** will need to be increased by £200,000 as a result of new SEN placements and to cover a 10% increase in fees at independent special schools that reflects the changes in teachers pay and superannuation costs. That increase, and a small number of other budget adjustments, are covered within the **LEA Budget** from the reserve set aside to cover an anticipated overspend of £367,000 from 2002-03. The actual overspend of £89,000 left £278,000 to cover other costs.
7. The main change from the position reported in September is that it appears likely that there will be a saving of approximately £200,000 on home-to-school transport. A great deal of work has been undertaken to reduce costs in this area, by making routing more efficient and making other changes, where appropriate. The timing and

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quantity of savings, however, is difficult to predict precisely as there are many other factors affecting cost. Secondary school student numbers continue to rise, rail and bus tickets costs frequently rise above inflation, and special needs transport is highly unpredictable. A number of transactions take place at the end of the financial year and the true position will not be known until the accounts are closed.

The list of key changes producing a projected underspending of £200,000 is shown at Appendix 1.

## Capital Budget

### 8. Progress over the last quarter

The most recent monitoring report on capital was submitted to this Committee on 23rd September, 2003. Since then -

- Several major schemes have been completed - St. David's PRU has moved into refurbished premises, has been significantly expanded the accommodation available to the sixth form at John Masefield High School, major improvements have been achieved at Much Marcle Primary School and Lugwardine Primary School, accommodation has been provided for neighbourhood nurseries at Hunderton Infants and St Martins Primary School, and improving laboratories have been improved at St. Mary's RC High School and The Minster College, Leominster.
- Building work continues on the replacement schools at Lea and Cradley, and on the major refurbishment at Mordiford Primary School.
- Contractors have started work on the Greencroft Early Excellence Centre at Marlbrook Primary School.
- The New Opportunities Fund for PE and Sport in schools has given final approval to the Sports hall scheme at Kingstone High School, and architects have been instructed to proceed to tender stage.
- The design brief for the development of the site at Sutton St. Nicholas for a replacement school and houses has been approved by Planning Committee.
- Environmental Impact Assessments have been completed for Sutton Primary School, Credenhill Primary School and Staunton on Wye Primary School.
- Planning applications have been made for relocation of Credenhill Primary School and Staunton on Wye Primary School.
- Outline planning permission has been granted for education use of the site on Three Elms Road, Hereford to allow the building of new premises for Whitecross High School under the PFI scheme. Acquisition of the site should now be achieved before the end of the financial year. Bids from two PFI consortia have been received, and are being evaluated against technical, legal and financial criteria. It is envisaged that a report to Cabinet will be made during March 2004, recommending the appointment of a preferred bidder, and detailing the revenue implications of the preferred bidder's proposal.

At the September, 2003 meeting a sum of £600,000 was identified as being unallocated, and support was given for schemes to be developed at Kington Primary School, Ledbury

Primary School, Fairfield High School and Weobley High School. Briefs for these projects have been prepared, and the Property Services Manager Herefordshire instructed the Council's external consultants Owen Williams to begin design work at Ledbury Primary School and Fairfield High School. Further feasibility work is being undertaken in-house on Kington and Weobley prior to further instructions being given to Owen Williams.

9. Financial Position

Payments to 31.11.03 amount to £4,727, 000 which represent 58% of the capital funding available in the current year. The position on individual schemes is set out in Appendix 2. Although architects have been instructed to proceed on the 4 new schemes, underspending of £ 390,000 by 31.3.04 is anticipated. Given the receipt of planning permission for the Three Elms Road site, it is proposed to fund its acquisition from the remaining underspending in 2003/04, rather than use Schools' carry forwards as had previously been considered).

10. The Committee should also be aware that decisions are awaited from the DfES on the major bid under Building Schools for the Future initiative and under the Targeted Capital Initiative. Decisions should be made by the end of January on the targeted schemes, with announcements now expected in February on Building Schools for the Future.
11. The first call on resources will be expenditure resulting from existing commitments. At present, is estimated to be £1.9M in 2004/05 and £1.9M in 2005/06.
12. The second call on the resources should be the continuation of the schools maintenance programme at the level of £1.2M to ensure that existing premises are in good condition to use and the backlog of maintenance (estimated at £13m) is reduced.
13. The remaining capital resources in 2004/05 amount to £21/2m. The £21/2m will allow the four schemes previously approved for design purposes to be implemented. Final costings on these schemes have yet to be given. The DfES have also postponed their decision on bids under Building Schools for the Future until February 2004. It is prudent to await the outcomes of this bid, and the final costings on the four schemes prior, before bringing forward any other scheme.

## Recommendation

**THAT** the Committee are asked to consider any areas of concern in the monitoring information for revenue and capital expenditure.

## BACKGROUND PAPERS