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| MEETING: | CHILDREN'S SERVICES SCRUTINY COMMITTEE |
| DATE: | 1 OCTOBER 2010 |
| TITLE OF REPORT: | CAPITAL BUDGET MONITORING REPORT 2010/2011 |
| PORTFOLIO AREA: | CHILDREN & YOUNG PEOPLE'S DIRECTORATE |

CLASSIFICATION: Open

Wards Affected

County-wide

Purpose

To scrutinise the capital budget position for 2010/11 for the Children & Young People's Directorate.

Key Decision

This is not a Key Decision.

Recommendation

THAT Committee note and comment on the report as part of its scrutiny function.

Key Points Summary

- A reduction in some capital grants, following central Government announcements of funding cuts, has resulted in capital schemes and grants being halted or reduced in scope.
- Riverside Primary School – options to meet the funding gap caused by the original contractor going into liquidation.
- Other than for urgent health and safety work, the planned capital maintenance programme has been halted due to significant expenditure needing to be incurred on urgent and essential work to remove or clean up asbestos and also to replace pipe work to Low Propane Gas (LPG) tanks in response to Health & Safety Executive advice.

Alternative Options

- 1 This is a monitoring report. There are alternatives in terms of the format if Scrutiny Committee wishes to have information presented in a different way.

Reasons for Recommendations

2 Monitoring report.

Introduction and Background

3 As requested at the meeting of the Children's Services Scrutiny Committee on 14 June 2010, this is an exception report on the key areas of progress, achievement and challenge within the capital programme for 2010/11.

Planned capital expenditure for 2010/11 is £31,739,000.

Key Considerations

4.1 Reductions in grant income following central Government announcements of funding cuts:

- Schools' Harnessing Technology grant has been reduced by 50% to £543k.
- SEN/14-19 Targeted Capital grant has been reduced by £660k to £7,340k
- Early Years grants for Children's Centres and improvements to the quality of and access to private, voluntary and independent sector early years provision, has been reduced by £530k to £1,225k. This will result in rethinking how children's centres services can be provided in the north Hereford City area and it will reduce the Local Authority's ability to provide early years settings in the private, voluntary and independent sector with grants to improve quality and access to provision.
- Playbuilder –. This capital grant was unringfenced in June. The Local Authority was to receive £607k, but this is likely to be reduced and the Local Authority is waiting for the Government to confirm exactly what the 2010/11 grant will be. In July, the Local Authority submitted to the Government details of 11 play schemes that we have been developing with community groups across Herefordshire. All of these schemes are on hold until the exact amount of funding is announced by the Government. Even then, as whatever grant we get will be unringfenced, the Herefordshire Partnership will need to determine whether the funding should still be used for the Playbuilder schemes.

4.2 Riverside Primary School

As reported to the Committee previously, the scheme has incurred extra costs, predominantly as a direct consequence of the original contractor going into liquidation and a new contractor having to be taken on to complete the scheme:

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| Direct additional contractor costs due to the original contractor going into liquidation | £1,012,000 |
| Vacant site security | £88,000 |
| Remedial works required to original contractors work | £117,000 |
| Additional ICT costs | £104,000 |

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| Additional professional fees connected with receivership work – re-measuring work required for new contractor tender specifications, production of new tenders and variations to the scheme. It is therefore possible that this figure will reduce as Asset Management and Property Services is in discussion with AMEY Consulting.. | £511,000 |
| Total | £1,832,000 |

However, the following options have been identified to fund the consequences of the contractor going into liquidation:

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| Payment of performance bond by insurers | £674,000 |
| Capital receipt from disposal of land at Riverside for development | £600,000 |
| Sale of mobile classrooms used during construction | £400,000 |
| Capital Receipt Reserve | £158,000 |
| Total | £1,832,000 |

4.3 Other schemes with an expected outturn of £500k in 2010/11

| Scheme | 2010/11 Forecast £'000 | Spend to end period 4 £'000 | Comments |
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| Hereford Academy | 13,256 | 3,250 | Work in progress scheme on schedule both time and budget |
| Earl Mortimer College (Minster College replacement school) | 4,171 | 1,902 | New building opened to pupils and staff on 9 th September. Work continues now to develop the external areas, following the demolition of the old buildings. |
| Co-location | 3,328 | 246 | 7 schemes are progressing, the largest based in Bromyard |
| Schools' Devolved Capital Programme | 2,050 | 1,163 | Devolved allocation of capital funding to schools |
| Intervention Centres | 1,673 | 208 | 14 schemes at high schools are progressing well. |
| Primary Grant | 1,500 | 82 | £1million on the amalgamation of Leominster's junior and infants school and £500k on match funding schemes bid for by other primary schools. |
| Targeted Capital Fund for rural development of 14 – 19 curriculums. | 675 | 76 | Rural funding towards plant and equipment costs |
| Capital maintenance works | 600 | 105 | Annual programme of maintenance works at various sites, committed on a highest need first basis. The original planned programme is now 'on hold' due to a number of significant health and safety issues which have need to take priority. The Asset Management & |

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| | | | <p>Property Services Team have completed a majority of the electrical works that were planned and will continue to do anything of a health and safety nature but all other works are stopped. The reason for the increased pressure on this budget can be attributed to -</p> <ol style="list-style-type: none"> 1. Work to remove or clean up from asbestos works 2. A request from the Health and Safety Executive to renew pipe work to LPG tanks following a serious incident in the North of England (we have 23 schools with LPG tanks) |
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Community Impact

- 5 The capital investment programme of the Children and Young People's Directorate, including schools and early years settings, has wide ranging community impacts, benefiting children and young people and their families across Herefordshire.

Financial Implications

- 6 These are contained in the body of the report.

Legal Implications

- 7 The use of capital funding including grants must comply with the legal requirements associated with each funding stream and the conditions of specific grants

Risk Management

- 8 The risks are set out in the body of the report, in terms of project delays and the actions planned to mitigate the impact of these.

Consultees

- 9 Not applicable.

Appendices

- 10 None.

Background Papers

- None identified.