

Meeting: Children's Services Overview and Scrutiny Committee
Date: 23 April 2013
Subject: Capital Budget Management Report Quarter 3 ended 30 December 2012
Report of: Cllr Mark A G Versallion, Executive Member for Children's Services
Summary: The report sets out the projected full year forecast as at 31 December 2012

Advising Officer: Edwina Grant, Deputy Chief Executive / Director of Children's Services
Contact Officer: Dawn Hill, Senior Finance Manager
Public/Exempt: Public
Wards Affected: All
Function of: Council

CORPORATE IMPLICATIONS

Council Priorities:

1. Sound financial management contributes to the Council's value for money which enables the Council to successfully deliver its priorities. The recommendations will contribute indirectly to all 5 Council priorities.

Financial:

2. The financial implications are set out in the report.

Legal:

3. There are no direct legal implications arising from the report.

Risk Management:

4. Sound financial management and budget monitoring mitigates adverse financial risks.

Staffing (including Trades Unions):

5. Not applicable

Equalities/Human Rights:

6. Public Authorities must ensure that decisions are made in a way which minimised unfairness and without a disproportionately negative effect on people from different ethnic groups, disabled people, women and men. It is important that Councillors are aware of this duty before they take a decision.

7. Equality Impact Assessments were undertaken prior to the allocation of the 2010/2011 budgets and each Directorate was advised of significant equality implications relating to their budget proposals. Many of the pressures outlined in this report are in relation to those needs led services which support the most vulnerable children in our communities.

Community Safety:

8. Not applicable.

Sustainability:

9. Not applicable.

Procurement:

10. Not applicable.

RECOMMENDATION:

The Committee is asked to:-

- **Comment on this report**

Introduction and Key Highlights (Appendices A1)

11. Children's Services revised annual capital expenditure budget is £28M; this includes £7.1M of slippage from 2011/12. The income budget is £27.1M which leaves a net expenditure capital budget of £0.9M.
12. The full year reported outturn position for 2012/13 is below budget by £2.283M. This is due to significant proposed slippage with Schools Capital Maintenance. A further review of the expenditure profile was undertaken in January 2013.
13. All but two projects (Schools Access and Temporary Accommodation) are funded wholly by grant receipts. There is no expenditure deadline to the spending of the grant receipts.
14. The actual to date gross expenditure variance of £403k is mainly due to delays in tendering and delivering projects at Shefford Lower School and Fairfield Park which are funded from the Basic Need grant. New consultants have been appointed and work is currently underway to review the programme and financial profiles of these projects.

Summary Table: Directorate Overall position (Appendices A1)

	Gross Expenditure Budget	Profiled Gross Expenditure Budget YTD	Gross Spend to Date	Gross Expenditure Variance to date
	£000	£000	£000	£000
Children Services	27,720	17,155	16,752	(403)
Partnerships	285	42	42	0
Total	28,005	17,197	16,794	(403)

15. New School Places /Basic Need

This grant funding is to enable management of pressures related to population growth and capacity within our schools. There is no expenditure deadline on this grant. DfE capital announcements for 12/13 included £5.8M of basic need funding for Central Bedfordshire. This is a significant reduction on the 11/12 allocation as a result of changes in DfE methodology. The outline programme to commission new school places over the next five years will drive the expenditure of basic need grant and will also align S106 contributions that are being collected for major projects.

The current budget for 2012/13 has been reviewed to take account of the actual grant funding received for 2012/13, which was not known at the time the programme was approved by Executive. The forecast spend for 2012/13 is £5M with £12.9M slippage into 2013/14.

The actual to date gross expenditure variance of £417k is due to delays in tendering and delivering projects at Shefford Lower School and Fairfield Park. New consultants have been appointed and work is currently underway to review the programme and financial profiles of these projects.

The New School Places Programme is currently being refreshed and will be reported to the Council's Executive in February 2013.

The DfE will announce the Basic Need allocations for 13/14 and hopefully also for 14/15 in January 2013.

16. Schools Capital Maintenance (formerly New Deal for Schools)

The rolling programme is externally funded by DfE grant but does require schools to contribute to the cost of works, as set out in a formula contained within the Scheme for Financing Schools. These contributions are invoiced once planned works are complete.

The 12/13 programme is underway and was originally subject of consultation with School Forum on the 5 March 2012. The programme is now being commissioned but with a much reduced funding envelope as a result of Academy capital held centrally by the EFA.

The current budget for 2012/13 has been reviewed to take account of the actual grant funding received for 2012/13, which was not known at the time the programme was approved by Executive.

17. Property and Assets are now receiving external support to review the forecast delivery timeframe of the programme, and to reconcile it against the previous forecasts of expenditure. As a result, potential slippage of £2m of expenditure is now forecast into 2013/14.

The DfE will announce the 13/14 allocation for Schools Capital Maintenance in January 2013.

18. **All Saints Academy**

The Academy buildings and part of the site were completed in September and were occupied at the commencement of the Autumn Term. The remainder of the project is concerned with the demolition of the old school buildings, asbestos removal and the completion of external works, including the provision of remodelled playing fields.

19. The second phase has been delayed as a result of further identification of asbestos in the old school which is the subject of further discussions with the contractors at the point this report was compiled.

20. At the point of final completion there will be a one-year retention which will become finally payable in the financial year 2013/14.

The project is externally funded by DfE, other than a commitment given by the Council's Executive to contribute £300k of its own capital over the lifetime of the project to the cost of site surveys, project management and CDM costs. The project is not reliant on other third party income.

21. **School Devolved Formula Capital**

The allocation to Schools is for use on capital condition / improvement works on their buildings in line with the priorities in their School Improvement Plan and in context with the Schools Asset Management Plan. The schools have three years to spend the funds

22. **Temporary Accommodation**

Central Bedfordshire Council provides capital funding for schools requiring temporary units where pupil numbers exceed the maximum capacity of a school. A rolling budget of £400k is used to set a programme each year, based on forecasts from the School Organisation Plan 2012- 2017.

Expenditure of £550k is forecast for 2012/13 which includes slippage of £150k from 2011/12.

23 **University Technical College**

This scheme was added to the Capital Programme in March, 2012 and involves converting existing premises at the Kingsland Campus, Houghton Regis, vacated by Central Bedfordshire College, together with the addition of a small new adjoining block. The project has three Phases. Phase 1 (conversion works) was completed by September 2012 to enable the UTC to admit its first cohort of students. Achieving Phase 1 was demanding but Phase 2 and 3 are less time critical.

24. Phase 2 was completed at the end of October 2012. Phase 3 is a new-build block. The programme for this latter phase is delayed because of the discovery of a gas pipe that was not shown on surveys. This phase should be completed in April / May, 2013.
25. The project is funded by external capital grant from the Education Funding Agency together with some £400k of 'section 106' funding for additional local secondary school provision. An element of this budget has been centrally retained by the Council and is being used to cover project support costs and the capital costs of relocating some existing users of the Kingsland Campus within the site.

The total spend for this project is £6.8M with £6.2M forecast as spent in 2012/13. There is proposed additional slippage of £200k slipping into 2013/14 in addition to the £400k advised in the capital re-profile in November. The value and funding of this project was not known at the time the capital programme was approved by Executive.

26. **School Access Initiative**

Central Bedfordshire Council provides capital funding to improve access to mainstream schools for pupils with disabilities. All Central Bedfordshire Schools, with the exception of voluntary aided schools and academies, can apply for funding on a bid basis. A multi-agency Panel of officers from the SEN and Inclusion Service, the School Organisation, Admissions and Capital Planning Team and disability specialists from the Central Bedfordshire Special Schools consider the bids and award funding on a priority basis, as identified in Central Bedfordshire Council's Accessibility Strategy.

The budget for 2012/13 was reduced to £350k following the capital re-profile on 4 November 2012. Funds have been allocated for equipment (including hearing and sight aids) and access works projects.

27. The Panel met on 8 November 2012 and considered the second and final round of bids for 2012/13, this has resulted in an unallocated balance of £190k which is now forecast as an underspend within this financial year.

28. **Kingsland PRU**

This project was originally funded from S106 contributions and direct revenue transfer from SEN budgets to address urgent health and safety issues at the Kingsland building, following disaggregation of the pupil referral unit from Bedford Borough Council and the more intensive use of the existing building. As a result of a recent health and safety audit a limited number of further projects have been identified and are planned to be addressed within the summer holiday period. The remaining active element of the project is to reconfigure the entrance to the building to make way for the University Technical College which is being provided for in the adjacent building.

29. The Kingsland buildings used by the PRU are part of the Alternative Provision Free School Bid which is progressing for opening in September 2013 with a DfE approved budget of £3M of capital grant which will come through the Council's capital programme. A business case setting out works required to deliver the Free School's curriculum, has been approved, as has the project's procurement by the Council.
30. **Roecroft Lower School**
- This project is now complete apart from outstanding defects and the submission of the certificate of making good defects.
31. **Arnold Middle School**
- This project is now complete.
32. **Holmemead School ASD provision**
- This is now complete and the Certificate of Making Good (COMG) issued and final account agreed.
33. **Local Public Service Agreement (LPSA) & Local Area Agreement (LAA)**
- This funding belongs to the Central Bedfordshire Together partnership (CBT) and the Council holds this for administrative purposes. How it is spent rests with the CBT.
34. **Early Years places for 2 year olds from lower income households**
- On 27 November 2012, the Department for Education announced revenue and capital funding allocations to local authorities to secure early education places for two-year-olds from lower income households. Central Bedfordshire is to receive a capital allocation of £349k to support implementation of early education for two year olds by increasing capacity where these new places are required.
- Further advice is being sought on the purpose, and ring fencing of revenue allocations that are also to be received by the Council to determine potential flexibility and the opportunity to increase the sums available to increase physical capacity.
- This programme will need to be added to the Council's capital programme in due course for expenditure in 2013/14.

Appendices:

Appendix A1 Directorate Overall position