

PART 1 - PUBLIC

Decision Maker: Children & Young People Portfolio Holder

**For pre-decision scrutiny by the Children & Young People
PDS Committee on 21st February 2012**

Date: 21st February 2012

Decision Type: Non-Urgent Non-Executive Non-Key

Title: **CAPITAL PROGRAMME MONITORING Q3 2011/12 & ANNUAL
CAPITAL REVIEW 2012 TO 2016**

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Chief Officer: Director of Resources

Ward: All

1. Reason for report

On 1st February, the Executive received a report summarising the current position on capital expenditure and receipts following the 3rd quarter of 2011/12 and presenting for approval the new capital schemes supported by Chief Officers in the annual capital review process. The Executive agreed a revised Capital Programme for the five year period 2011/12 to 2015/16. This report highlights in paragraphs 3.1 to 3.8 changes agreed by the Executive in respect of the Capital Programme for the Children & Young People (CYP) Portfolio. The revised programme for this portfolio is set out in Appendix A and detailed comments on individual schemes are included at Appendix B.

2. **RECOMMENDATION(S)**

The Portfolio Holder is asked to endorse the changes approved by the Executive on 1st February.

Corporate Policy

1. Policy Status: Existing policy. Capital Programme monitoring and review is part of the planning and review process for all services. The capital review process requires Chief Officers to ensure that bids for capital investment provide value for money and match Council plans and priorities.
 2. BBB Priority: Excellent Council.
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Financial

1. Cost of proposal: Estimated cost N/A
 2. Ongoing costs: N/A.
 3. Budget head/performance centre: N/A (Capital Programme)
 4. Total current budget for this head: £49.4m for the CYP Portfolio over five years 2011/12 to 2015/16
 5. Source of funding: Capital grants, capital receipts and revenue contributions
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Staff

1. Number of staff (current and additional): N/A
 2. If from existing staff resources, number of staff hours: N/A
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Legal

1. Legal Requirement: No statutory requirement or Government guidance.
 2. Call-in: Call-in is not applicable.
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Customer Impact

1. Estimated number of users/beneficiaries (current and projected): N/A
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Ward Councillor Views

1. Have Ward Councillors been asked for comments? No.
2. Summary of Ward Councillors comments: N/A

3. COMMENTARY

Capital Expenditure

3.1 A revised Capital Programme was approved by the Executive on 1st February, following a detailed monitoring exercise carried out after the 3rd quarter of 2011/12. The Executive also considered and approved new capital schemes supported by Chief Officers in the annual capital review process. This report identifies changes relating to the CYP Portfolio and the table in paragraph 3.2 summarises the overall position following the Executive meeting.

Capital Monitoring – Q3 variations approved by the Executive on 1st February 2012

3.2 The base position was the revised programme approved by the Executive on 16th November 2011, as amended by any variations approved at subsequent Executive meetings (none in this quarter). In response to the major level of slippage at the end of 2010/11, the monitoring process has been made more robust by the introduction of considerably more challenge and review and, in the December quarter, the entire approved programme was closely reviewed with a significant number of scheme budgets being deleted. The monitoring exercise resulted in a number of amendments to the approved programme for the CYP Portfolio and these are shown in the table below. Further details are included in paragraphs 3.3 to 3.7. The revised Programme for the CYP Portfolio is attached as Appendix A and comments on individual schemes, together with latest 2011/12 expenditure figures, are shown in Appendix B.

Capital Expenditure	2011/12	2012/13	2013/14	2014/15	2015/16	TOTAL
	£000	£000	£000	£000	£000	£000
Approved Capital Programme (16/11/11)	37,515	8,872	1,010	1,010	-	48,407
Q3 monitoring variations						
Review of programme (para 3.3)						
- Post 16 Infrastructure	-1,296	-	-	-	-	-1,296
- Princes Plain Primary scheme	-50	-	-	-	-	-50
- SEN Investment – residual balance	-11	-	-	-	-	-11
- Reconfiguration of SEN provision	-661	-	-	-	-	-661
- Integrated Youth Service	-4	-	-	-	-	-4
- Extended Services	-225	-	-	-	-	-225
- Children's Integrated Services	-3	-	-	-	-	-3
Realignment of budgets (para 3.4)	-	-	-	-	-	-
Budget transfers/virements (para 3.5)	-	-	-	-	-	-
Revised government grants (para 3.6)						
- Devolved Formula Capital	-194	-418	-418	-418	-	-1,448
- Capital Maintenance in Schools	-	2,577	-	-	-	2,577
- Basic Need	1,182	-	-	-	-	1,182
- Suitability/modernisation-playbuilder	-	350	-	-	-	350
Re-phasing of Expenditure (para 3.7)						
- Secondary School Investment	-1,416	1,416	-	-	-	-
- Primary Capital – other schemes	-75	75	-	-	-	-
- Provision for children with EBD	-200	200	-	-	-	-
- Reconfiguration of SEN provision	-100	100	-	-	-	-
- Schools Access Initiative	-150	150	-	-	-	-
- Security works at schools	-100	100	-	-	-	-
- Children Centres	-150	150	-	-	-	-
- Capital Maintenance in Schools	-600	600	-	-	-	-
- Basic Need	-1,182	1,182	-	-	-	-
- Hawes Down Co-location	-200	200	-	-	-	-
- Phoenix Pre-School	-208	208	-	-	-	-
Total Q3 Monitoring Variations	-5,643	6,890	-418	-418	-	411
New schemes (para 3.8)	-	-	-	-	590	590
Revised CYP Capital Programme	31,872	15,762	592	592	590	49,408

3.3 Review of approved programme – reductions / deletions (total reduction of £2,250k)

In the latest quarter, a detailed review was carried out on all schemes in the programme approved by the Executive on 16th November 2011. As a result, reductions totalling in excess of £3.1m were identified across the Council, including £2,250k relating to the CYP Portfolio, and these were approved by the Executive on 1st February. These are listed in the table above and brief comments are provided in Appendix B.

3.4 Realignment of scheme budgets (total budgets £2,167k, no impact on total programme)

The programme approved in November includes two CYP budgets that needed to be moved to ensure that they are in the same place as the actual expenditure. Provision in the programme for the Langley Park Boys School One School Pathfinder scheme included £35,800k for the new school, met by government grant, and £2,006k for the cost of enhancing the performance space, funded by the Council. The scheme is progressing and contract completion is expected in January 2013. The cost of the performance space is included within the overall contract sum and cannot be separated out, so it was proposed that the budget be added to the overall scheme budget and the whole scheme be monitored against a revised total budget of £37,806k. The other realignment related to a residual sum of £161k brought forward from 2010/11 on the Planned Maintenance/Modernisation Fund budget, which it was proposed be transferred to the Capital Maintenance in Schools budget, which is where school maintenance issues are being charged in 2011/12. The Executive approved these budget realignments.

3.5 The Highway Primary School – virements to cover overspend (total £478k, no impact on total programme)

The Portfolio Holder has previously been advised of cost pressures on this scheme and further virements were approved by the Executive from other Primary Capital Programme budgets that were underspent; Princes Plain Primary £71k and the overall provision for other primary capital schemes £407k.

3.6 Variations in government grant allocations (total increase of £2,661k)

Revised allocations have recently been received in respect of various government funding streams, as follows, and the Executive approved the following changes to the Capital Programme:

Devolved Formula Capital – the previous programme included £845k in 2011/12 and £850k per annum thereafter for this funding towards the cost of capital works in schools, which the Council passes straight on to schools. Notification has recently been received that this is reducing to £651k in 2011/12 and £432k p.a. thereafter and the Executive agreed to reduce the programme accordingly.

Basic Need & Schools Capital Maintenance – the government has recently announced that the Council will receive a further £1,182k in 2011/12 to fund basic need in schools, in addition to the £4.5m originally awarded in the 2011/12 settlement, and a further £2,577k in 2012/13 to fund schools capital maintenance, in addition to the £5.7m awarded in 2011/12. The basic need grant was announced too late to programme works in 2011/12 and it has, therefore, been rephased into 2012/13. The additional capital maintenance grant has been added to the 2012/13 programme.

Suitability/modernisation issues in schools – in 2010/11, the Council received £372k non-ring fenced playbuilder grant and £350k of this was earmarked to fund the Farnborough Primary School capital scheme. The funding is still available and the job is programmed for 2012/13 and the Executive has now approved its inclusion in the Capital Programme.

- 3.7 In final outturn reports in June and July, the Executive was informed of the major slippage at the 2010/11 year end, as a result of which some £25.2m had been rephased from 2010/11 into 2011/12. This is the second monitoring report since July and, as reported, additional challenge and review has been introduced into the process, as a result of which, in the Q2 monitoring report in November, a number of changes were agreed and some £9.4m was rephased from 2011/12 into later years, including £2.5m relating to CYP Portfolio schemes. The Q3 CYP monitoring exercise resulted in changes set out in paragraphs 3.3 to 3.7 above and also in further rephasing adjustments totalling £4.4m from 2011/12 into 2012/13. These are itemised in the table in paragraph 3.2 and Appendix B includes comments on scheme progress.

Annual Capital Review – new scheme proposals

- 3.8 As part of the normal annual review of the Capital Programme, Chief Officers were invited to come forward with bids for new capital investment. Considerably fewer bids were received than in previous years and Chief Officers agreed to recommend new schemes with a total value of £6.4m, of which just £0.8m would require funding from the Council's resources in the four years 2012/13 to 2015/16. Only two CYP schemes were put forward and approved and these required no additional contribution from Council resources. A further £10k was approved in 2015/16 to fund feasibility studies.

Schools' Access Initiative (£0.15m in 2015/16)

Further provision in 2015/16 for access works in schools under the Disability Discrimination Act. This sum is already in the approved programme each year from 2011/12 to 2014/15 and is funded by earmarked revenue contribution from the schools' budget.

Schools' Formula Devolved Capital (£0.43m in 2015/16)

Further provision in 2015/16 for capital works in schools, funded by government grant. Provision is already in the approved programme each year from 2011/12 to 2014/15.

Post-Completion Reports

- 3.9 Under approved Capital Programme procedures, capital schemes should be subject to a post-completion review within one year of completion. Following the major slippage of expenditure at the end of 2010/11, Members have confirmed the importance of these as part of the overall capital monitoring framework. These reviews should compare actual expenditure against budget and evaluate the achievement of the scheme's non-financial objectives. At the September meeting, the PDS Committee agreed that post-completion reports on the following schemes should be submitted during 2011/12:

Biggin Hill Primary School – amalgamation

Riverside ASD provision

Pupil Referral Unit – new facilities

Mottingham Community Centre – refurbishment

This will continue to be included in quarterly monitoring reports to the Executive and to the PDS Committee until the post-completion reports are submitted.

4. POLICY IMPLICATIONS

- 4.1 Capital Programme monitoring and review is part of the planning and review process for all services. The capital review process requires Chief Officers to ensure that bids for capital investment provide value for money and match Council plans and priorities.

5. FINANCIAL IMPLICATIONS

5.1 These were reported in full to the Executive on 1st February 2012. Changes approved by the Executive for the CYP Portfolio Capital Programme are set out in the table in paragraph 3.2.

Non-Applicable Sections:	Legal and Personnel Implications
Background Documents: (Access via Contact Officer)	Departmental monitoring returns January 2012. Approved Capital Programme (Executive 16/11/11). Q2 & Q3 Monitoring report (Executive 16/11/11 & 1/2/12). Capital appraisal forms September/October 2011. Report to Chief Officers' Executive 21/12/11.