

Decision Maker: EDUCATION BUDGET SUB-COMMITTEE

Date: 13th February 2013

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

Title: CAPITAL PROGRAMME MONITORING Q3 2012/13 & ANNUAL CAPITAL REVIEW 2013 TO 2017

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Chief Officer: Director of Resources

Ward: (All Wards);

1. Reason for report

On 6th February 2013, the Executive received a report summarising the current position on capital expenditure and receipts following the 3rd quarter of 2012/13 and presenting for approval the new capital schemes supported by Council Directors in the annual capital review process. The Executive agreed a revised Capital Programme for the five year period 2012/13 to 2016/17. This report highlights in paragraphs 3.2 to 3.7 changes agreed by the Executive in respect of the Capital Programme for the Education 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 confirm the changes agreed by the Executive on 6th 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: Not Applicable
 2. Ongoing costs: Not Applicable
 3. Budget head/performance centre: N/A (Capital Programme)
 4. Total current budget for this head: £27.1m for the Education Portfolio over five years 2012/13 to 2016/17
 5. Source of funding: Capital grants, capital receipts and earmarked revenue contributions
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Staff

1. Number of staff (current and additional): 0.25 fte
 2. If from existing staff resources, number of staff hours: 9 hours per week
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Legal

1. Legal Requirement: Non-Statutory - Government Guidance
 2. Call-in: 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 6th February, following a detailed monitoring exercise carried out after the 3rd quarter of 2012/13. The Executive also considered and approved new capital schemes supported by Council Directors in the annual capital review process. This report identifies changes relating to the Education Portfolio and the table in paragraph 3.2 summarises the overall position following the Executive meeting.

Capital Monitoring – variations agreed by the Executive on 6th February 2013

3.2 A revised Capital Programme was approved by the Executive on 6th February, following a detailed monitoring exercise carried out after the 3rd quarter of 2012/13. The base position was the revised programme approved by the Executive on 24th October 2012, as amended by variations approved at subsequent Executive meetings. Changes to the Education Portfolio Programme approved by the Executive in October are shown in the table below and further details are included in paragraphs 3.2 to 3.6. The revised Programme for the Education Portfolio is attached as Appendix A and detailed comments on individual schemes are included at Appendix B.

Capital Expenditure	2012/13	2013/14	2014/15	2015/16	2016/17	TOTAL
	£000	£000	£000	£000	£000	£000
Approved Capital Programme (24/10/12)	22,863	1,902	592	590	-	25,947
<u>Variations agreed by Executive 06/02/13</u>						
Deletion of residual budgets (para 3.3)	-10	-	-	-	-	-10
Additional government grant (para 3.4) – Early Education for Two Year Olds	558	-	-	-	-	558
Budget realignments (para 3.5)	-	-	-	-	-	-
Scheme rephasing (para 3.6)	-10,140	10,140	-	-	-	-
Total Q3 Monitoring Variations	-9,592	10,140	-	-	-	548
New schemes (para 3.7)	-	-	-	-	590	590
Revised Education Programme	13,271	12,042	592	590	590	27,085

3.3 Deletion of residual budgets no longer required (reduction of £10k in 2012/13)

In the monitoring exercise for the latest quarter, a number of residual scheme budgets were deleted where schemes are now complete or where those residual budgets are no longer required. One of these, the budget for feasibility studies (£10k) was part of the Education Portfolio Capital Programme and this was deleted by the Executive.

3.4 Early Education for Two Year Olds - additional government grant (addition of £558k in 2012/13)

The Executive was informed that notification had recently been received of a number of new, additional or revised grant allocations to support capital expenditure and was asked to approve the relevant amendments to the Capital Programme. One of these, a new capital grant funding stream for Early Education for Two Year Olds (£558k in 2012/13), was announced by the Department for Education in November.

3.5 Budget realignments – education schemes (total £366k, no impact on total programme)

The Executive was advised that examination of budgets for secondary and primary school investment schemes that had reached, or were nearing, completion had identified some surplus

funds and agreed that these be transferred to other secondary and primary school schemes to cover potential spending pressures, as follows:

The Highway Primary School - the CYP/Education Portfolio Holder has previously been advised of cost pressures on this scheme and virements have previously been approved to alleviate these. A final virement of £50k was agreed by the Executive in February from other Primary Capital Programme budgets that were underspent on completion.

Langley Park Boys School – the contingency budget for the secondary school investment strategy (£316k) has not been spent and the Executive agreed that this be transferred into the budget for the Langley Park Boys School to cover potential cost pressures, including asbestos management and removal.

3.6 Scheme Rephasing

In reports to both the June and July meetings, the Executive was informed of the final outturn for capital expenditure in 2011/12 and noted that the overall level of slippage into later years (some £6.9m) was significantly lower than in previous years. Slippage of capital spending estimates has been a recurring theme over the years and Members were pleased to note that, following a review of the system for capital monitoring and for estimating the phasing of expenditure, carried out after the 2010/11 final outturn, a more realistic approach towards anticipating slippage was taken in setting the revised estimates in February. Some £3.9m of the overall slippage from 2011/12 into 2012/13 related to Education Portfolio schemes and this was analysed in the 1st quarter's monitoring report to this Sub-Committee's meeting in September. In the Q2 monitoring report to the Budget Sub-Committee in January, a number of changes were confirmed and some £1.3m relating to Education Portfolio schemes was rephased from 2012/13 into 2013/14. The Q3 monitoring exercise resulted in changes set out in paragraphs 3.2 to 3.5 above and also in further rephasing adjustments totalling £10.1m from 2012/13 into 2013/14. These are itemised in the table below and comments on scheme progress are provided in Appendix B.

Capital Expenditure – Rephasing in Q3 monitoring	2012/13 £000	2013/14 £000
The Highway Primary – partial rebuild	-74	74
Reconfiguration of Special Schools	-108	108
Seed Challenge Fund	-24	24
Schools Access Initiative	-250	250
Security works in schools	-71	71
Children & Family Centres	-199	199
Suitability/modernisation issues in schools	-322	322
Capital maintenance in schools	-310	310
Schools Basic Need	-7,324	7,324
Extended services in schools	-44	44
Hawes Down Co-location	-300	300
Short Breaks capital	-348	348
Early Education for Two Year olds	-558	558
Phoenix Pre-School SEN service – Council contribution	-208	208
Total Education Programme rephasing	10,140	10,140

Annual Capital Review – new scheme proposals

3.7 As part of the normal annual review of the Capital Programme, Council Directors were invited to come forward with bids for new capital investment. Considerably fewer bids were received than in previous years and, although no new Education schemes were put forward, the continuation of annual Education capital spending programmes totalling £590k in 2016/17 was agreed by the Executive. This comprised £150k for Schools Access Initiative (funded by revenue

contributions), £430k for Devolved Formula Capital (funded by government grant) and £10k for feasibility studies (met from Council resources).

Post-Completion Reports

3.8 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 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. Post-completion reports on the following five Education Portfolio schemes are due for submission before 31st March 2013.

Bickley Primary School – expansion

Princes Plain Primary School - expansion

The Highway Primary School – partial rebuild

Hawes Down Co-Location

Priory School – Local Learning Centre

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 6th February 2013. Changes agreed by the Executive for the Education 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 2013. Approved Capital Programme (Executive 24/10/12). Q2 Monitoring report (Executive 24/10/12). Capital appraisal forms submitted by Chief Officers in November 2012. Report to Council Directors' meeting 12/12/12.