

**Executive Member for Education and Children’s Services and
Advisory Panel**

12 June 2007

Report of the Director of Learning, Culture and Children’s Services and the Director of Resources

CAPITAL PROGRAMME OUTTURN 2006/07

Summary

- 1 The purpose of this report is to:
 - inform Members of the final out-turn position of the 2006/07 Capital Programme
 - advise Members of changes to existing schemes to allow the more effective management and monitoring of the future Capital Programme
 - inform Members of any new externally funded schemes and seek approval for their addition to the 2007/08 to 2009/10 Education Capital Programme
 - inform Members of any financial slippage to or from future financial years.

- 2 The report sets out the capital outturn for 2006/07 against the approved budget. The individual scheme variances are detailed in Annex A, but in summary the outturn of the 2006/07 Education Capital Programme is £11.788m, against the current approved budget of £12.879m, an underspend of £1.091m (8.5%).

Background to the 2006/07 Capital Programme

- 3 The original capital programme for the financial year 2006/07 was approved at Council on 1 March 2006. Since then a number of amendments to the programme have been approved as part of the 2005/06 out-turn report and the two in year monitoring reports. This results in a current approved Education capital programme for 2006/07 which shows gross capital expenditure of £12.879m with £11.792m of other funding, giving a net capital programme cost to the authority of £1.087m. Table 1 below details the approved changes to the 2006/07 capital programme since the original programme was approved in March 2006.

Table 1- Current Approved Education Capital Programme	Gross Spend £m	Other Funding £m	Net Spend £m
Original Capital Programme 2006/07	13.132	(12.266)	0.866
Slippage and adjustments re 2005/06 Outturn report	1.345	(1.157)	0.188
Adjustments from first Monitoring Report	(1.598)	1.631	0.033
Current Approved Capital Programme 2006/07	<u>12.879</u>	<u>(11.792)</u>	<u>1.087</u>

Consultation

- 4 Not applicable

Options and Analysis

2006/07 Capital Programme Outturn

- 5 The outturn of the 2006/07 Education Capital Programme is £11.788m, financed from £11.107m of external funding, resulting in a net cost to the Council of £0.681m.

- 6 Budget slippage in to 2007/08 is £0.762m. This is comprised of £1.167m of slippage on schemes from 2006/07 to 2007/08, which is reduced by “reverse” slippage on schemes from 2007/08 to 2006/07 of £0.405m.

- 7 The schemes where there are significant variances between the current approved capital budget for 2006/07 and the final outturn are discussed in paragraphs 8 to 32 below.

8 NDS Condition Funding

Unexpected retentions on two schemes have caused a £10k overspend on the remaining part of this now ended DfES funded programme.

9 Fulford Secondary School Targeted Capital

The final retention payments have not yet been agreed, necessitating slippage of the remaining budget of £60k into 2007/08.

10 Applefields Special School Targeted Capital

This scheme has now been completed satisfactorily and has generated a budget saving of £97k.

11 Huntington Secondary School Improvements

The new Teaching and Performing Arts blocks were handed over on 16 April and are in full use by the school and community. We are awaiting preparation of the final account which is likely to result in an increase in the overall scheme costs, and the resolution of an insurance claim concerning an element of the design. A budget of £128k needs to be slipped into 2007/08.

12 Integrated Children's Centres

The Children's Centre programme is based on the concept that providing integrated education, care, family support and health services are key factors in determining good outcomes for children and their parents. Children's Centres provide multi-agency services that are flexible and meet the needs of young children and their families. The core offer includes integrated early learning, care, family support, health services, outreach services to children and families not attending the Centre and access to training and employment advice. At the heart of the Centre will be high quality learning and full day care for children from birth.

- 13 York is expected to deliver eight Integrated Children's Centres by March 2008. Those at Hob Moor (which was delivered as part of the PFI scheme) and Westfield are already operational, while Clifton Green (which is shown as part of the

Neighbourhood Nurseries Initiative Scheme along with Westfield) came into service during the current year, and the remaining five will follow over the next year.

- 14 To support the delivery of this significant programme, and to supplement the funding already made available by the DfES under the Integrated Children's Centre and Sure Start grant programmes, a proportion of Modernisation funding totalling £450k has been allocated across these projects, together with the redirecting of £200k of funding already earmarked for the schools involved. In addition a grant of £500k has been secured from the Department of Health. Together with contributions of devolved capital from the schools involved, the overall programme now totals £3.230m.
- 15 The Clifton Green Centre became operational in October 2006 following significant remodelling of the Primary School as well as extensive new build. Costs rose by a total of £190k over the course of the project for a number of reasons and the significant ones are detailed below in the table below. This overspend can be covered by a virement from Modernisation, utilising some of the contingency which has been set aside for such eventualities. This reduces the available contingency for any future problems in 2007/08 and 2008/09.

Additional costs	£000
Temporary Nursery Unit	25
Telephone System	25
Ventilation of ICT room	5
Costs of vandalism	115
Other minor items	20
Total	190

- 16 When the temporary nursery unit was moved onto the site from Hob Moor, it was anticipated that it could then be moved onto another project, so a residual value of £20k was placed on it. At the end of the project, it was found to be in too poor a condition to move and had to be demolished on site, at a cost of £5k.
- 17 Improvements in technology since the inception of the project meant a change in Council policy to using Voice Over Internet Protocol (VOIP) telephone systems where the bandwidth is available. While VOIP means free phone calls, the initial equipment and set-up is expensive in capital terms and these had not been included in the original budget.
- 18 Additional mechanical ventilation of the ICT room costing £5k was required as the original design for passive ventilation was found to be insufficient.
- 19 Vandalism on the site has been a significant issue. In order for the contract to progress additional security arrangements were required as follows:-
- round the clock site security costing £48k
 - the erection of a new boundary fence at a cost of £35k to secure the site further.
 - additional staffing costs, arising from increased time required for staff to be on site costing £20k
 - making good damage caused by vandalism costing £12k.

- 20 Of the remaining five centres, four are progressing. Work on the New Earswick centre is now nearing completion, while the plans for the centre at St Lawrence's Primary have been approved by Together for Children and building is expected to commence shortly. In addition to the budget shown in the Children's Services capital programme the school are also receiving £225k of LCVAP funding to support the element of the programme they are delivering.
- 21 Plans have been agreed within the budget allocated for the centre at Carr Junior and tenders are being evaluated for the Haxby Road centre, although the tenders are currently in excess of the budget allocated. Both these schemes are awaiting Together for Children approval.
- 22 The final centre is to be built at Tang Hall Primary. A scheme budget is currently being developed, but there are concerns about the potential size, cost and funding of this project. Further work is being undertaken and an update will be provided at the EMAP meeting. Subject to this, and also to progress on the tenders for Haxby Road, a further report to members may be required to consider any options for funding if the costs are expected to exceed the existing available budget.

NDS Modernisation

- 23 The overall modernisation programme has overspent by £239k against budget, but only £110k is an actual overspend, the remainder being spend incurred on some schemes earlier than profiled, requiring some negative slippage. The major individual projects within this programme with progress or variations are discussed in paragraphs 23 to 26 below.
- 24 The most significant variation within the modernisation programme is on the Canon Lee Extension project, which is now predicted to overspend by approximately £100k. The main reason for the overspend was abnormal ground conditions which had not been identified prior to construction. This required a re-design of the foundations, drainage and steelworks. The overall effect was an extension of time of 5 weeks. The new classrooms and drama studio are now in full use by the school.
- 25 The project at Rufforth Primary to build a hall and associated facilities for use by both the school and the local community was delayed by the main contractor entering administration. The hall has now been officially opened and is in full use by the school. The final account is awaited but it is anticipated that this will be within budget.
- 26 The project at Scarcroft Primary to install a lift, refurbish toilets and create a new accessible entrance, reception, waiting area and offices in the listed building has been completed. It has made a very difficult building accessible to all and was completed on time and within budget.
- 27 Construction of a new classroom and community facility at Skelton Primary to replace a temporary unit and extend and remodel the reception and administrative areas at the front of the school has been completed. Both phases of construction were complete in time for the start of the Autumn term 2006 and feedback from both the school and parents is very positive.

Schools Access Initiative

- 28 The Schools Access Initiative programme in 2006/07 consisted mainly of the completion of some small schemes from 2005/06 together with contributions to larger schemes within the Modernisation programme. The remaining budget of £99k is to be slipped in to 2007/08.

Skills Centre

- 29 Work is progressing well, in spite of the early delays to the project when parts of the land were found to contain elements that warranted further investigation. It is anticipated that vocational courses will start from September 2007. In order for the walled garden to be used for horticultural courses, an amount of remedial work will have to be done to cap off contaminated soil, so it is anticipated that costs for this project will rise by approximately £70,000. An amount has been earmarked within modernisation to fund this if required.

Sure Start, Extended Schools and Childcare Grant

- 30 A report at January EMAP detailed the allocation of the funding within this scheme to support a number of Extended School projects at schools across the city. These projects are all scheduled to be carried out during 2007/08, therefore the 2006/07 funding of £279k needs to be slipped into 2007/08.

York High School

- 31 Planning permission for the school part of the project is due to be determined on 31 May with outline permission for the swimming and hydrotherapy pools being submitted on the same day. Budget of £141k on this scheme needs to be slipped into 2007/08.

Youth One-Stop Shop

- 32 This scheme is now almost complete with only minor work and retentions outstanding, with the remaining budget of £24k being slipped into 2007/08.

2007/08 Capital Programme Budget

- 33 In January 2008 the DfES offered Local Authorities the opportunity to receive an advance of a proportion of their 2008/11 modernisation funding in 2007/08 where this would help advance priority schemes. York has taken up this opportunity and the result of this is an increase in the modernisation funding available in 2007/08 of £1.013m with the reduction spread equally over the following three years.
- 34 The 2007/08 budget has increased as a result of the above adjustments by £2.282m. This gives a start budget for the 2007/08 financial year of £18.853m, £18.277m of which is externally funded and £0.576m from CYC resources.

Corporate Objectives

- 35 The budgets covered in this report reflected the council's corporate objectives for 2006/07.

Financial Implications

- 36 Table 2 below summarises the capital programme from 2007 to 2010 following the changes highlighted in this report.

Table 2: Gross Education Capital Programme	2007/08 £m	2008/09 £m	2009/10 £m
Current Approved Capital Programme	16.485	9.550	0.250
Slippage	0.779	(0.007)	-
Additions	1.513	-	-
Capital Programme after 2006/07 Outturn	18.853	9.543	0.250
<u>Funded by</u>			
External Sources	18.277	5.493	0.250
City of York Council	0.576	4.050	-

- 37 Annex A illustrates the complete 2006-10 capital programme showing the current approved budgets and outturn position for 2006/07 and summarises the scheme slippage and adjustments discussed above.

Implications:

- **Human Resources:** not applicable
- **Equalities:** not applicable
- **Legal:** not applicable
- **Crime and Disorder:** not applicable
- **Information Technology (IT):** not applicable

Risk Management

- 38 There is always a degree of risk associated with operating a capital programme as schemes are developed and implemented. The key to minimising this risk is the effective operation of monitoring and control processes. This report is part of that process, where updated figures and corrective actions are proposed.

Recommendations

- 39 The Executive Member is recommended to:
- note the capital programme outturn for 2006/07 as highlighted in this report and summarised in Annex A.
 - approve the slippage to and from financial years to allow the effective monitoring of the schemes.
 - approve the virements between schemes as detailed above and shown at Annex A
 - agree the revised capital programme as shown at Annex A, subject to the approval of the Executive

Reason: to enable the effective monitoring of the capital programme.

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Report Approved **Date** *30 May 2007*

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Report Approved **Date** *30 May 2007*

For further information please contact the author of the report

Background Papers

2006/07 Estimate and Capital Programme Monitoring Files
2006/07 Capital Final Accounts Files

Annex A - Approved Capital Programme and final outturn

Glossary

DfES Department for Education and Skills
LCVAP Local Authority Coordinated Voluntary Aided Programme
LSC Learning and Skills Council
NDS New Deal for School
NMOD New Deal for School Modernisation Scheme
NNI Neighbourhood Nursery Initiative
NOF New Opportunities Fund
PFI Private Finance Initiative
PRU Pupil Referral Unit
TCF Targeted Capital Fund