

Report of the Director of Children's Services and the Director of Resources

## **CAPITAL PROGRAMME MONITORING 2007/08 - REPORT 1**

### **Summary**

- 1 This report is to:
- inform Members of the likely out-turn position of the 2007/08 Capital Programme based on the spend profile and information to the end of July 2007
  - advise Members of changes to existing schemes and reprofiling of expenditure to allow the more effective management and monitoring of the Capital Programme
  - inform Members of any new schemes and seek approval for their addition to the Capital Programme.

### **Background**

- 2 The original capital programme for the financial year 2007/08 was approved at Council on 21 February 2007. Since then, a number of amendments to the programme have been approved as part of the 2006/07 out-turn report, and at the Urgency meeting of 3 August 2007. This results in a current approved Children's Services capital programme for 2007/08 which shows gross capital expenditure of £19.651m with £18.521m of other funding which gives a net capital programme cost to the authority of £1.130m.
- 3 The table below details the approved changes to the 2007/08 capital programme since the original programme was approved in February 2007.

**Table 1- Current Approved Children's Services Capital Programme 2007/08**

	Gross Spend £m	Other Funding £m	Net Spend £m
Original Capital Programme 2007/08	16.485	16.225	0.260
Slippage and Adjustments from the 2006/07 Outturn report	2.368	2.052	0.316
Amendment at Urgency Meeting	0.798	0.244	0.554
Current Approved Capital Programme 2007/08	<u>19.651</u>	<u>18.521</u>	<u>1.130</u>

## Consultation

- 4 Not applicable.

## Options and Analysis

### Scheme Progress Reports and Updates

- 5 The following section provides an update on all the major schemes in the capital programme with a brief summary of progress to date and any issues arising.

#### Devolved Capital

- 6 This scheme represents the devolved capital which has been allocated to schools in 2007/08, net of any contributions which the schools have agreed towards LA led schemes.

#### Fulford Secondary Targeted Capital (Scheme Cost £3.518m)

- 7 This scheme is now complete with only retention payments outstanding. The final payment for Phase 2 has just been agreed and results in a saving of £10k on the remaining budget. The final payment for Phase 1 is still being finalised but is expected to be within the remaining budget.

#### Huntington Secondary (Scheme Cost £5.295m)

- 8 The major scheme for the provision of new Teaching and Performing Arts blocks is complete with the new facilities in full use. However, there is a projected overspend of £420k on the overall scheme. This is mainly due (£300k) to design problems causing extensions of time and redesign of the structural elements of the scheme. Property Services are currently negotiating a final account and are pursuing outstanding claims which, together, should result in a reduction in the projected overspend.

#### Integrated Children's Centres (Overall Scheme Cost (£4.728m)

- 9 Following the report to the Urgency meeting of the 3<sup>rd</sup> August 2007 the Capital programme has been amended to show the decisions made at that meeting. These amendments increase the overall capital programme due to the formal approval of the use of the Heworth Family Centre capital receipt of £275k, approval of £400k funding from the modernisation programme, and the addition of a further £279k of corporate capital resources.

- 10 Work on the New Earswick Children's Centre is progressing well and the project is expected to be complete in October 2007.

- 11 Contracts have been awarded for the main building works at St Lawrence's and Haxby Road, and work has commenced at Tang Hall, with tenders for Carr expected shortly. However, in view of the delays which have been experienced on these projects, it is now unlikely that all will be completed by the target date of March 2008. Together for Children, the organisation working in partnership with the Department for Children, Schools and Families to support local authorities in their delivery of Sure Start Children's Centres have been made aware of this.

#### NDS Modernisation (Scheme Cost £10.882m)

- 12 This scheme addresses condition and suitability issues at a number of schools in the city. In order to maximise the resources available schools are invited to bid for this funding and are encouraged to contribute their devolved capital to projects.
- 13 The majority of previously ongoing schemes within the Modernisation programme are now complete or nearing completion, with the majority delivered on or close to budget.
- 14 The scheme for an extension to Canon Lee School was reported at 2006/07 outturn as likely to overspend. The estimated final account indicates a further £27k overspend above that previously reported, which will impact in 2007/08. As was previously reported, the main reason for the overspend was abnormal ground conditions which were not identified prior to construction.
- 15 A report to EMAP on 7 December 2006 reported on the allocation of Modernisation funding for 2007/08 and 2008/09 to schools that were successful under the bidding round carried out in summer 2006. The successful schemes are now progressing through the design and tendering process with some due to begin shortly.

#### Neighbourhood Nurseries Initiative (Scheme Cost £3.519m)

- 16 This scheme is complete with only retention payments outstanding. The final account has now been agreed and as a result there is a further overspend of £21k above what was reported at outturn which will impact in 2007/08.

#### Robert Wilkinson Basic Need Phase 2 (Scheme Cost £0.438m)

- 17 This scheme is complete with only the final retention payments outstanding.

#### Schools Access Initiative (Scheme cost £1.352m)

- 18 Included within the report to EMAP on 7 December 2006 on the allocation of the Modernisation funding for 2007/08 and 2008/09, was the allocation of Schools Access Initiative funding for the two year period, also under a bidding process. The successful schemes are now progressing through the design and tendering process with some due to begin shortly.

#### Skills Centre - Danesgate (Scheme Cost £2.880m)

- 19 Work is progressing well at Danesgate. The Bridge centre extension will be ready for occupation in September 2007, with the new Skills Centre building scheduled to be complete for the October half-term.

#### Extended Schools Sure Start Projects (£1.060m)

- 20 At the start of 2006/07 funding was announced under the Sure Start, Extended Schools and Childcare Grant initiative covering the years 2007/08 and 2008/09. This funding was allocated under three separate streams, (including the previously announced Integrated Children's Centre grant, which was already shown separately in the Children's Services Capital Programme). Local Authorities were given the freedom to allocate the funding towards schemes which contributed to their overall Extended Schools and Childcare Strategy. After topping up the Integrated Children's Centre programme with £416k from the other two funding streams, the remaining £1.060m was made the subject of a bidding round for schools to put forward proposals for small capital schemes to contribute towards the provision of

Extended School facilities. The results of this bidding process were reported to EMAP on 22<sup>nd</sup> January 2007. The majority of these schemes are currently in the design and tender stages.

21 York High School (Scheme Cost £12.200m)

The Dijon Avenue site will be ready for occupation for the start of the new academic year. Work on the Cornlands Road site commences with demolition in October 2007, with the construction and refurbishment works beginning in November. The reason for the small delay on the works on this site is to co-ordinate with work on the new community pool and so achieve better value from the contract.

22 This delay means that an amount of the 2007/08 budget totalling £0.641m will need to be slipped into 2008/09. A detailed exercise is currently being carried out on all aspects of the scheme, to assess the current status of the budget, and, depending on the outcome of this, a further report to members may be required to consider any issues arising.

### **Scheme Addition**

23 The announcement of the Joseph Rowntree One School Pathfinder (OSP) was reported to members in March 2007. One school pathfinders' are significant projects, funded by "Building Schools for the Future" capital. At that time the initial DfES budget for this scheme was £25.5m. Funding has now been confirmed at £27.362m. This scheme now requires adding into the Childrens Services Capital Programme. The effect of this is shown at Annex A.

24 Work on capturing the school's requirements has gone well and an initial design proposal has been produced and agreed. The Preliminary Invitation to Tender will go out to the Partnership for Schools' Framework Contractors in July to be returned by mid-August. From the evaluation of those returns, two contractors will be chosen to develop the designs to a point when the final contractor is appointed in November. The project is on course for construction work to begin early in 2008/09 with a target completion date of September 2009.

### **Corporate Priorities**

25 The capital programme contributes to key corporate priorities, including:

- Increase people's skills and knowledge to improve future employment prospects
- Improve the health and lifestyles of the people who live in York, in particular among groups whose levels of health are the poorest
- Improve the life chances of the most disadvantaged and disaffected children, young people and families in the city
- Improve our focus on the needs of customers and residents in designing and providing services

### **Financial Implications**

26 Annex A provides a scheme-by-scheme update to the 2007/08 programme, detailing predicted variances and the resulting amendments to the capital programme.

- 27 The slippage on York High School reduces the 2007/08 programme by £641k.
- 28 The addition of the Joseph Rowntree One School Pathfinder increases the programme by £450k in 2007/08, with the major impact expected to be in 2008/09.
- 29 The net effect of the variations reported above and illustrated in Annex A is to produce a Children's Services gross capital programme for 2007/08 of £19.460m, funded by £18.330m of external funding, resulting in a net cost to the city of £1.130m. The changes to the capital programme are summarised in the table below.

**Table 2 - Summary of Amendments to the 2007/10 Capital Programme**

<b>Gross Education Capital Programme</b>	2007/08	2008/09	2009/10	Total
	£m	£m	£m	£m
Current Approved Capital Programme	19.651	9.543	0.250	29.444
<u>Adjustments: -</u>				
Scheme Slippage and Reprofiling	(0.641)	0.641	-	-
Scheme Addition – Joseph Rowntree OSP	0.450	24.750	2.162	27.362
<b>Revised Capital Programme 2007/10</b>	<b>19.460</b>	<b>34.934</b>	<b>2.412</b>	<b>56.806</b>

### Other Implications

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- **Human Resources:** not applicable
- **Equalities:** not applicable
- **Legal:** not applicable
- **Crime and Disorder:** not applicable
- **Information Technology:** not applicable
- **Property:** not applicable

### Risk management

- 28 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

- 29 The Executive Member is recommended to:
- note the capital programme forecast outturn for 2007/08 as shown in Annex A
  - approve the additions and amendments to the capital programme reported above and summarised in Annex A
  - approve the scheme reprofiling and slippage reported above and summarised in Annex A
  - agree the revised capital programme as shown at Annex A, subject to the approval of the Executive

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

## Contact Details

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### Chief Officer Responsible for the report:

**Pete Dwyer**  
Director of Learning, Culture and Children's  
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**Report  
Approved**

**Date** 22/08/2007

**Simon Wiles**  
Director of Resources

**Wards Affected:** *List wards or tick box to indicate all*

**All**

**For further information please contact the author of the report**

## Background Papers

2007/08 Capital Programme Estimate and Monitoring Files

## Annex

Annex A - Approved Capital Programme and Projected Outturn

## Glossary

DfES	Department for Education and Skills
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