



## **Contract and Financial Procedure Matters Report (Addendum)**

### **SUMMARY**

- 1.1 This report deals with the following urgent item that requires reporting to and approval by Council Cabinet under Contract and Financial Procedure rules:
- change to the capital programme - to support schools infrastructure improvements, funded from savings against the Accommodation Strategy capital scheme.

### **RECOMMENDATIONS**

- 2.1 To agree the budget transfer of £3.1m from the Accommodation Strategy scheme to the CYP schools programme.
- 2.2 To recommend the budget transfer be approved by Full Council on 7 September 2011.
- 2.3 To note that future years allocations, beyond the £3.1m will be considered as part of the 2012-15 Capital Strategy, and will take into account the pressure on schools capital investment.

### **REASON FOR RECOMMENDATIONS**

- 3.1 To recognise the emerging impact on schools infrastructure following the significant reduction in schools capital allocations.

### **SUPPORTING INFORMATION**

#### **4 Schools Capital Programme**

- 4.1 The capital strategy approved by Full Council on 2 March 2011 included the treatment of unringfenced funding, along with other corporate resources, within a priority allocation process. This process supported infrastructure improvements across schools, highways, adult services and property maintenance.
- 4.2 As part of the governments reduction in local government funding across both revenue and capital budgets, the ringfenced schools devolved capital programme was reduced by approximately 80% from the 2010/11 allocations. The effect of the reduction in this level of funding is beginning to be felt by schools.

- 4.3 For Basic Needs and Modernisation capital spending the Department for Education – DfE - indicatively allocated £7.493m for 2011/12, with similar amounts for 2012/13 and potentially 2013/14. This is unringfenced funding, as indicated by the Department for Communities and Local Government – CLG, so does not need to be spent on schools, although this is expected by the DfE. This funding was treated as part of the strategy outlined in paragraph 4.1.
- 4.4 Schools were allocated £5.25m for Basic Needs and Modernisation capital spending in the 2 March Council budget approval. This was £2.243m less than schools were expecting, however it did enable the Council to reflect the needs of all council buildings, including schools.
- 4.5 Schools are beginning to feel the pressure on their infrastructure as a result of overall funding reductions, including the need to address important health and safety requirements. The Head Teachers on the Schools Asset Management Improvement Group have asked Cabinet to reconsider the treatment of capital funding in order to support further improvements in schools infrastructure.
- 4.6 Within the capital programme there is a projected underspend on the Accommodation Strategy Scheme of £3.6m. Part of this is required to support further accommodation changes, such as implementing the relocation of the Local Studies Library. It is therefore considered appropriate to retain approximately £0.5m against the existing scheme. This leaves £3.1m to be reallocated.
- 4.7 It is proposed that £3.1m be reallocated to the schools capital programme for prioritising against the schools asset improvement programme, £2.243m in 2011/12 and the balance in 2012/13.
- 4.8 Officers will assess the likelihood of completing additional works within 2011/12 and amend the programme spend accordingly through future Contract and Financial Procedure Matters reports to Cabinet.

## OTHER OPTIONS CONSIDERED

- 5.1 To maintain the existing budget strategy re unringfenced grants, however this would not address the effects in schools infrastructure, as a result of reduced funding.

**This report has been approved by the following officers:**

<b>Legal officer</b> <b>Financial officer</b> <b>Human Resources officer</b> <b>Service Director(s)</b> <b>Other(s)</b>	Martyn Marples, Roger Kershaw  Adam Wilkinson
<b>For more information contact:</b> <b>Background papers:</b> <b>List of appendices:</b>	Nicola Goodacre – Group Accountant (Capital) None Appendix 1 – Implications

<b>IMPLICATIONS</b>
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**Financial**

- 1.1 As outlined in the report.

**Legal**

- 2.1 As outlined in the report.

**Personnel**

- 3.1 As outlined in the report.

**Equalities Impact**

- 4.1 As outlined in the report.

**Health and Safety**

- 5.1 As outlined in the report.

**Carbon commitment**

- 6.1 All capital schemes make considerations to the Council's policy.

**Value for money**

- 7.1 As outlined within the report.

**Corporate objectives and priorities for change**

- 8.1 These recommendations, where relevant, are in line with approved budgets which accord with the Council's corporate priorities.