

For general release

Meeting: Children, Families & Schools Sub-Committee

Date: Monday 26 January 2004

Report of: Director Children, Families & Schools

Subject: Capital Resources & Capital Investment Programme, 2004/2005

Wards Affected: All

1. Purpose of report and report policy context

- 1.1. In order to determine an overall Capital Investment Programme for Brighton & Hove City Council, each service is asked to consider its capital investment requirements, within the level of allocated resources for 2004/2005.
- 1.2. The purpose of the report is to inform Members of the level of available capital resources allocated to this service for 2004/2005 and to recommend to Policy and Resources Committee a Capital Investment Programme for 2004/2005.
- 1.3. This report includes the use of revenue contributions to support capital investment and should be read in conjunction with the Revenue Budget 2004/05 report for this service.

2. Recommendations

- 2.1 That the level of available capital resources totalling £11,733,000 be noted.
- 2.2 That a capital bid to be made to the Property Improvement Fund (as set out in section 3 of this report) be noted.

3. Information

Capital Strategy

- 3.1. Policy and Resources Committee approved the Capital Strategy on 20th July 2002. The strategy outlined the process for prioritisation and evaluation of capital investment projects similar to the Strategic Investment Fund, as a response to the introduction of the single capital pot.

3.2. The strategy included the pooling of all non-scheme specific capital resources that would be allocated to corporate priority areas of investment, taking into account the formula allocations included within the Single Capital Pot. (Education. Housing. Personal Social Services and Transport)

3.3. For 2004-05 it is proposed to allocate capital resources to the level of the Government's Supported Capital Expenditure plus their scheme specific resources. These resources may be supplemented with additional revenue contributions from individual service revenue budgets.

3.4. Prudential Regime

The current capital system is based around the objective of limiting capital expenditure. Councils need government permission to borrow and generally the government provides support to finance any new borrowing. The new prudential borrowing regime, included in the Local Government Act 2003 replaces the current borrowing controls in April 2004. The regime determines the level of borrowing authorities can afford through a set of prudential indicators, authorities set an affordability limit of borrowing and have the freedom to borrow up to that limit. There is no government support for this borrowing and the revenue costs of any additional borrowing will need to be met from the councils revenue resources.

There is potential for this authority to generate additional resources by using this new freedom, principally for spend to save schemes where the financing costs can be met from revenue savings. The councils prudential indicators, borrowing limits and approach to the prudential regime will be presented to the Policy and Resources Committee in February 2004.

The government will continue to support capital expenditure but this will not be through borrowing approvals (BCA's) but through Supported Capital Expenditure. As with the current system this support will be provided through capital grant or revenue support for the financing costs.

Capital Finance Settlement

3.5. During December, the Government announced the capital allocations for 2004/2005. This included the Supported Capital Expenditure relating to this service for the next financial year.

3.6. The table below shows a comparison between next year's settlement and the amount of resources allocated in 2003/2004 for this service.

	2003/2004 Settlement £'000	2004/2005 Settlement £'000	Difference £'000
Supported Capital Expenditure(Revenue) (formerly	1,080	1,978	898

ACG for Service)			
SCA for Service	1,015		-1,015
Supported Capital Expenditure (Capital)(formerly Grants)	6,150	3,444	-2,710
Total	8,245	5,422	2,823

- 3.7. The figures for 2003/04 and 2004/05 are not, strictly speaking, comparable because of changes in the way in which funding was made available by the Government in 2003/04. The 2003/04 settlement also included the majority of resources for successful bids for PE sports and Sure Start. In addition additional grant funding may be made available to the Department throughout the forthcoming financial year. One such example is the bid the Department submitted to the DfES under the Targeted Capital Fund. Our bid was for the provision of a post-16 unit for young people with special needs to be co-located at Varndean Sixth Form College. Further detail is incorporated in paragraph 3.16.

Capital Resources

- 3.8. The level of projected resources must finance all capital payments in 2004/2005 including existing approved schemes, new schemes and future year commitments. A summary of the resources available to finance these payments is shown in the table below.

	£'000
Supported Capital Expenditure(Revenue) (formerly ACG for Service)	1,978
Supported Capital Expenditure (Capital Grant)(formerly Grants)	3,444
Additional Grants	2,634
Total Government Support	8,056
External Contributions	50
Specific Capital Receipts	2,189
Capital Receipts	0
Capital Reserves	488
Other (including S106 Receipts)	0
Revenue Contribution	950
Total Capital Resources	11,733

- 3.9. The figure for capital grant includes £215,000 of grant deferred from the 2002/03 and 2003/04 financial years as a result of decisions taken by schools regarding the use of devolved capital. If they wish, schools are able to defer devolved expenditure for up to three years and the Department for Education and Skills makes consequent adjustments to the level of grant paid in particular financial years.

- 3.10. The specific capital receipts are to be achieved by the disposal of the former premises of Knoll Infant School at Stapley Road, Hove and The Rise Site in Portslade.
- 3.11. In addition to the resources identified above, the Department for Education and Skills will allocate funding for expenditure at voluntary schools in Brighton & Hove under several programme headings. The DfES has said that it will make the announcement of these allocations in February or March 2004. Cardinal Newman School has again submitted a bid to the Department under the Targeted Capital Fund for funding to provide the school with a new library. The outcome of that bid will not be known until January 2004.
- 3.12. The Brighton Montessori School has submitted a bid this year under the Targeted Capital Fund. They wish to enter the maintained sector and their bid was for adaptations to premises, which they hope will support this aim.

Capital Investment Programme

- 3.13. A recommended Capital Investment Programme for 2004/2005 together with the impact in future years, by project, is shown in Appendix 1 to this report.
- 3.14. Capital slippage arising from the 2003/2004 capital programme will be incorporated into the 2004/2005 programme when the capital accounts are closed in May 2004 and will be funded from existing resources carried forward.
- 3.15. Under Financial Regulations, all new schemes require a detailed report to be submitted to Policy and Resources Committee for final approval prior to their commencement. This ensures that Members have the opportunity to assess the outputs of individual projects against their strategic priorities and to ensure that all the legal, financial and cross-service implications are fully considered.
- 3.16. It was agreed in October 2003 that a bid should be submitted under the Targeted Capital fund for the provision of a post-16 unit for young people with special needs to be co-located at Varndean Sixth Form College. The outcome of this bid will not be known until January 2004.
- 3.17. Following the increase in value of the Knoll site the project at Goldstone Primary School can be fully funded from the capital receipt.

- 3.18. Members may recall that, two years ago, the Department for Education & Skills released funding for additional 11-16 places at Portslade Community College. The project included in Appendix 1 will achieve significant improvements to the college's premises at Chalky Road and permit the college to relinquish its use of premises at the Rise (off Mile Oak Road). The resources available for the project in 2004/5 have been enhanced by a capital receipt to be achieved by the disposal of the land at the Rise, a significant area of which is designated for residential use in the draft Local Plan for Brighton & Hove. Those resources will be further enhanced by funding for maintained nursery facilities – to reflect the fact that a nursery (which is currently located in premises at the Rise) will be enlarged to a purpose-built accommodation adjacent to the existing site.
- 3.19. The PE & sport initiative is included in Appendix 1 following the Council's acceptance of an initial offer of grant from the New Opportunities Fund – as the result of stage 1 of a bidding process. The funding is to be devoted to the provision of a sports hall & fitness centre at Longhill School and construction work has already started on this phase of the scheme. Stage 2 of the scheme is to provide outdoor facilities and the Council intends to provide bouldering facilities at two sites within the city. Work has started on the stage 2 bid and this will be submitted in March 2004. A further report will be made when the outcome of stage 2 of the bidding process is known.
- 3.20. Property Investment Fund
- 3.21. 3.21. As in previous years a bid will be made to the Property investment fund. Details will follow once the final bid has been decided upon.

4. Environmental Implications

- 4.1. The environmental implications of individual schemes included within the Capital Investment Programme are reported separately to Members when the detailed report is submitted to Policy and Resources Committee for final approval.
- 4.2. The detailed planning of projects will take account of Brighton & Hove's policies in relation to Local Agenda 21 and to environmental issues generally.

5. Consultation

- 5.1. Design work undertaken in connection with individual projects will be conducted in consultation with the establishment where development is to take place.

Children Families and Schools
CAPITAL PROGRAMME 2004 2005

Ref No	Capital Scheme	Spend to March 2003	Approved payments in 2003/04	Profiled Payments 2004/05	Profiled Payments 2005/06	Profiled Payments 2006/07	Total Scheme cost
			£'000	£'000	£'000	£'000	£'000
	<u>Approved Schemes</u>						
G096	Devolved Capital - 2002/03			46			46
G109	Devolved Capital - 2003/04			169			169
	Goldstone Primary School		1,055	700	45		1,800
	Portslade Community College Rationalisation of Premises.		170	1,919			2,089
	Hollingdean Sure Start Initiative	109	937	223	52		1,321
	PE & Sport Initiative	64	636	1,546			2,246
	Tarnerland Nursery		391	100			491
	Capital Learning Fund		100	100			200
	<u>New Schemes</u>						
	New Pupil Places (formulaic)			365			365
	NDS Condition			0			0
	NDS Modernisation			2,406			2,406
	Devolved Capital			1,899			1,899
	Seed Challenge Capital			253			253
	Structural Maintenance			950			950
	Schools access Initiative			316			316
	Childrens Social Services			41			41
	Childrens Centres			100	514		614
	Rise Nursery Portslade (children's centre)			600	350		950
	TOTAL FOR SERVICE:	173	3,289	11,733	961		14,551