

HAMPSHIRE COUNTY COUNCIL**Decision Report**

Decision Maker:	Buildings, Land and Procurement Panel
Date:	23 March 2010
Title:	Revenue and Capital Repairs Budget Allocations 2010/11
Reference:	1373
Report From:	Director of Property, Business and Regulatory Services

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1. Executive Summary

1.1. The purpose of this paper is to confirm the expected financial position for revenue and capital repairs budgets in 2009/10, to propose further re-profiling of resources between 2009/10, 2010/11 and 2011/12 and set out the capital repairs budgets for 2010/11, 2011/12 and 2012/13.

1.2. This paper seeks to:

- confirm the 2009/10 budgets for revenue and capital repairs and the expected financial performance against these budgets
- propose re-profiling of capital resources from 2009/10 and set out the reasons for the proposals
- confirm the three year capital repairs budgets from 2010/11
- propose allocations for the 2010/11 capital repairs budgets.

2. Contextual information

2.1. The total repairs and maintenance revenue budget for the current year, 2009/10 is £16.481 million.

2.2. The Policy and Resources capital repairs budget for the current year including the carry forward from 2008/09 totalled £9.715m. The Panel meeting in October 2009 advised that £0.5 million be carried forward to 2010/11 making the revised total £9.215 million.

2.3. The capital repairs budget funded by revenue contributions from the Dedicated Schools Grant (DSG) is £13.254 million including amounts carried forward from 2008/09.

2.4. The majority of these two capital budgets are allocated for works to mitigate key risk areas in the built estate.

2.5. This year has seen a significant one off increase in New Deal for Schools (NDS) expenditure as a result of the governments request to bring forward spend to stimulate the local construction economy in the recession. This has meant that Property Services has put significant staff resources into successfully ensuring the delivery of a 35% increase in NDS projects by value this year. It is proposed to balance the profile of total resources by carrying forward modest sums related to locally resourced maintenance and repair programmes into next year. This has the benefit of smoothing the overall reduction in known resources and enabling best use of technical staff time without the need to resort to consultant appointments. This enables overall expenditure to be managed in the most efficient and effective way.

3. Revenue repairs and maintenance

3.1. Appendix 1 shows an overall level of commitment against the revenue budget of 89.8% as at 5 January 2010. This is broadly in line with previous years and it is anticipated that the budget will be fully utilised. The main exception highlighted in appendix 1 is the use of the winter maintenance contingency however the figures pre-date a significant period of winter weather during January. In previous years any unspent balance on the contingency has been carried forward in full.

3.2. Appendix 2 shows the proposed allocation of the 2010/11 budget. The proportions are in line with the 2009/10 allocations but will be reviewed during the year depending on emerging operational requirements and any changes reported to the Panel as part of the six monthly budget review report brought to the October meeting.

4. Capital repairs 2009/10

4.1. Appendix 3 shows the position against the combined Policy and Resources and Dedicated Schools Grant (DSG) capital repairs budgets with an overall commitment of 72% as at 5 January 2010. This is broadly in line with the position in previous years.

4.2. A number of factors including the recent winter weather have had an impact on anticipated delivery of these programmes and as a result significant slippage is now expected. The value of Policy and Resources capital repairs schemes now expected to fall in 2010/11 is £1,426,000 and the equivalent figure for DSG schemes is £636,000. Approval is therefore sought to carry forward £1,426,000 of the 2009/10 Policy and Resources capital repairs budget to 2010/11. Approval in principal is also sought, subject to agreement by the Schools' Forum, to carry forward £636,000 of the 2009/10 DSG capital repairs budget to 2010/11 in relation to these schemes.

4.3. In addition to this it is proposed to vire a further £0.5 million of Policy and Resources funding from the 2009/10 contingency to revenue in 2010/11 to cover a further year's cost of the Hampshire Workstyle programme team while detailed business cases are being developed for the initial phases of the programme. The Workstyle programme will ultimately be self-funding from capital receipts and revenue savings.

- 4.4. NDS funding in 2009/10 has been increased to reflect the agreed amount accelerated from 2010/11 and programmes have been developed to ensure the full funding is spent in line with the requirements of the grant. However, the impact of this in 2010/11 is to reduce the allocation to £2.127 million and this lower level of funding is expected to persist beyond 2010/11.
- 4.5. In order to smooth the transition to lower NDS funding and to mitigate the impact on the schools repairs programme approval in principle is sought, subject to approval from Schools' Forum on 21 May 2010, to re-profile £450,000 of DSG capital repairs from 2009/10 to 2010/11 and a further £950,000 to 2011/12.
- 4.6. Table 1 summarises the proposed changes to 2009/10 allocations.

Table 1: Proposed changes to 2009/10 capital repairs budgets

Capital repairs 2009/10	P&R	DSG
	£'000	£'000
Current budgets	9,215	13,254
Schemes to carry forward	(1,426)	(636)
Vire to revenue 2010/11	(500)	
Re-profiling to 2010/11		(450)
Re-profiling to 2011/12		(950)
Proposed budgets	7,289	11,218

5. Capital repairs 2010/11 to 2012/13

- 5.1. The Policy and Resources (P&R) capital repairs budget is part of the locally resourced capital programme and its funding is largely dependent on the availability of capital receipts. To provide an affordable three year locally resourced programme from 2009/10 the budget strategy required the remaining two years of the existing three year programme to be reduced by one-third. This provided funding for a 2011/12 programme at the same lower level. The outlook for the property market remains uncertain so the 2012/13 programme has been funded at the same reduced level.
- 5.2. The 2010/11 budget includes the £0.5 million re-profiled from 2009/10 recommended by this Panel in October 2009 and totals £4.667 million. The allocations for 2011/12 and 2012/13 are £4.170 million and £4.167 million respectively.
- 5.3. The **DSG** funded three year capital repairs programme has been set at similar levels to the current budget with allocations for 2010/11, 2011/12 and 2012/13 of £11.719m. Actual levels for 2011/12 and 2012/13 will be dependent on

future levels of Dedicated Schools Grant and Schools' Forum decisions on its allocation.

- 5.4. Proposed allocations for 2010/11 for the combined P&R and DSG capital repairs budgets are shown at Appendix 4 and considered in more detail in a separate report to the Panel found elsewhere on the agenda.
- 5.5. As in previous years the majority of the programme will be utilised to support works to mitigate key strategic risks in the built estates such as fire safety, mechanical and electrical services failure and asbestos.
- 5.6. **New Deal for Schools** (NDS) funding for 2010/11 has been confirmed at £2.127m after allowing for the accelerated funding in 2009/10. Funding beyond this point will depend on future Government decisions but the corporate budget assumption is that the programme will continue at 50% of the original 2010/11 level giving a programme for 2011/12 and 2012/13 of £3.206m.
- 5.7. **Sure Start** capital repairs funding has provided resources for works to Children's Centres and the grant is not confirmed beyond 2010/11. The corporate budget assumption is that this funding will not continue beyond 2010/11 and that alternative funding will need to be identified beyond this point to support this work. The 2010/11 budget is £477,000.
- 5.8. Other issues that will need to be factored in are the need to identify PBRIT's contribution to the funding gap on Building Schools for the Future (BSF) of £4.5m over three years and the construction procurement element (£0.5m over three years) of the corporate procurement savings target (although the latter will not affect the purchasing power of the budget).
- 5.9. Table 2 below summarises resources for the current and next three years and indicates the impact of the proposals in 4.6 on these budgets.

Table 2: Capital repairs resources 2009/10 to 2012/13

	2009/10	2010/11	2011/12	2012/13
	£'000	£'000	£'000	£'000
P&R current	9,215	4,667	4,170	4,167
Re-profiling (1)	(1,926)	1,426	0	0
P&R proposed	7,289	6,093	4,170	4,167
DSG current	13,254	11,719	11,719	11,719
Re-profiling	(2,036)	1,086	950	0
DSG proposed	11,218	12,805	12,669	11,719
NDS	11,996	2,127	3,206	3,206

Sure Start	712	477	0	0
Total resources: current	35,177	18,990	19,095	19,092
Total resources: proposed	31,215	21,502	20,045	19,092

Note (1) £0.5m to be vired to revenue.

6. Recommendation(s)

That the Panel advises the Executive Member for Policy and Resources that:

- 6.1. The proposed revenue allocations for 2010/11 as set out in Appendix 2 be approved.
- 6.2. The re-profiling of capital repairs resources from 2009/10 as set out in section 4 of the report and summarised in 4.6, be approved.

CORPORATE OR LEGAL INFORMATION:**Links to the Corporate Strategy**

Hampshire safer and more secure for all:	Yes
Corporate Improvement plan link number (if appropriate):	
Maximising well-being:	Yes
Corporate Improvement plan link number (if appropriate):	
Enhancing our quality of place:	Yes
Corporate Improvement plan link number (if appropriate):	
OR	
This proposal does not link to the Corporate Strategy but, nevertheless, requires a decision because:	

Other Significant Links

Links to previous Member decisions:		
<u>Title</u>	<u>Reference</u>	<u>Date</u>
Direct links to specific legislation or Government Directives		
<u>Title</u>	<u>Date</u>	

Section 100 D - Local Government Act 1972 - background documents

The following documents discuss facts or matters on which this report, or an important part of it, is based and have been relied upon to a material extent in the preparation of this report. (NB: the list excludes published works and any documents which disclose exempt or confidential information as defined in the Act.)

DocumentLocation

None

IMPACT ASSESSMENTS:

1. Equalities Impact Assessment:

Race and equality impact assessment has been considered in the development of this report and no adverse impact has been identified.

2. Crime prevention issues

The County Council has a legal obligation under Section 17 of the Crime and Disorder Act 1998 to consider the impact of all the decisions it makes on the prevention of crime. The proposed budget allocations will support crime prevention issues.

3. Climate Change:

How does what is being proposed impact on our carbon footprint / energy consumption?

How does what is being proposed consider the need to adapt to climate change, and be resilient to its longer term impacts?

The proposed budget allocations will support climate change proposals.

Revenue Maintenance 2009/10

Appendix 1

Commitment as at 5 January 2010

	Budget	Commitment	
	£'000	£'000	%
Non-Education Services			
Redecorations	812	526	64.8
Engineering servicing and repairs	1,864	1,948	104.5
Minor structural repairs	931	973	104.5
Asbestos testing	45	1	2.2
Vandalism reinstatement	126	160	127
Sub-total	3,778	3,608	95.5
Contingency	496	9	1.8
Delegated to schools			
Delegation under LMS scheme	2,685	2,685	100.0
Eotas	25	25	100.0
Delegation under fair funding:			
Community Schools	8,504	7,739	91.0
Foundation Schools	403	403	100.0
Sub-total	11,617	10,852	93.4
Other Allocations			
Strategic consultants	440	252	57.3
Non functional buildings	120	41	34.2
Gypsy and Traveller Sites	30	30	100.0
Sub-total	590	323	54.7
Total	16,481	14,792	89.8

Notes

1. Budget figure includes amounts carried forward from 2008/09 and adjustments relating to schools allocations.

Revenue Maintenance Budget 2010/11

Appendix 2

	7. Budget Allocation 2009/10		8. Proposed Allocation 2010/11	
	£'000	£'000	£'000	£'000
Non-Education Services				
Redecorations	602		610	
Engineering Servicing and Repairs	1,864		1,890	
Minor Structural Repairs	868		880	
Asbestos Testing	45		46	
Vandalism Reinstatement	121		123	
Sub-total		3,500		3,548
Contingency		421		427
Delegated to schools				
LMS delegation	2,685		2,717	
Eotas	25		25	
Fair Funding delegation				
Community Schools	8,504		8,604	
Foundation Schools	403		408	
Sub-total		11,617		11,754
Other Allocations				
Strategic Consultants	436		442	
Non-Functional Buildings	116		118	
Devolved to other Services	30		30	
Sub-total		582		590
Total		16,120		16,319

Notes

1. 2009/10 figures are the original allocations excluding the one-off carry forward from 2008/09 in order to allow a like for like comparison.

Capital Repairs 2009/10**Appendix 3**

Commitment as at 5 January 2010

Area of Work	Budget	Commitment
	£'000	%
Corporate Risk Assessment		
Condition of building fabric	8,595	70
Mechanical services failure	2,004	105
Fire including arson	1,748	101
Electrical services failure	1,545	92
Asbestos	1,069	63
Structural collapse	1,057	113
High level access to plant	203	20
Other priorities	716	93
CRA contingency	0	
Other Allocations		
Joint funded landlord's minor works	1,256	17
Strategic maintenance	600	0.2
Landlord's contributions	688	42
County Farms	403	100
External works/landscaping	364	72
Other priorities	624	57
Contingency	1,597	38
Total	22,469	72

Notes:

1. Amounts include fees and have been adjusted to include the value of the year end carry forward totals and other minor in year adjustments between headings.
2. The contingency has been reduced by the value of the carry forward agreed in October.

Area of Work	Budget
	£'000
Corporate Risk Assessment	
Condition of building fabric	7,070
Mechanical services failure	1,903
Fire including arson	742
Electrical services failure	1,334
Asbestos	1,059
Structural collapse	268
High level access to plant	102
Other priorities	1,107
CRA contingency	69
Other Allocations	
Joint funded landlord's minor works	438
Strategic maintenance	240
Landlord's contributions	219
County Farms	240
External works/landscaping	132
Other priorities	597
Contingency	866
Total	16,386

Notes:

1. Amounts are inclusive of fees.