

COUNCIL

14 APRIL 2011

ADJUSTMENTS TO THE CAPITAL PROGRAMME AND REVENUE BUDGET 2011/2012

Portfolio Holder: Councillor Alan Jarrett, Finance
Report from: Mick Hayward, Chief Finance Officer
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Summary

This report presents changes and additions to the Council's Capital Programme and Revenue Budget for 2011/2012 following approval by Council in February 2011.

1. Budgets and Policy Framework

- 1.1 In accordance with the constitution, additions to the Capital Programme and Revenue Budget are a matter for Council.

2. Background

- 2.1 Council, on 24 February 2011, approved the Capital Programme and Revenue Budget for 2011/2012. At that time a number of funding sources, both capital and revenue, were still provisional awaiting confirmation from various government departments. In addition the Government has recently announced additional funding for road maintenance.

3. Capital Programme 2011/2012 and Beyond

- 3.1 The capital programme approved by Council in February amounted to some £76 million which included a forecast rollover of almost £46 million from the 2010/2011 agreed programme. The latest capital monitoring report for 2010/2011 considered by Cabinet on 29 March and based on January 2011 forecasts, indicates a rollover now approaching £50 million. This is primarily as a result of including the Rochester Riverside Infrastructure scheme of £2.5 million in the 2010/2011 capital programme as expenditure was being incurred in that year although the majority of spend will be in 2011/2012.

- 3.2 In approving the capital scheme for Disabled Facilities Grants (DFG), Government funding of £739,000 was assumed, this being the same level as 2010/2011. This figure has now been confirmed by Communities and Local Government (CLG). In addition CLG have distributed an underspend on DFG funding for 2010/2011 resulting in all local authorities receiving an additional £4,100.
- 3.3 The latest monitoring report, considered by Cabinet on 29 March 2011, included a recommendation to note Partnership for Schools (PfS) funding for the new Strood Academy and include this within the capital programme. Although this can be agreed under the Chief Finance Officer's delegated authority, in view of the sum involved, it is presented to Council for information.
- 3.3.1 Cabinet, on 15 February 2011, agreed to the award of the contract to construct new buildings for Strood Academy to BAM Construction Limited. Funding of £24,323,931 will be awarded once the Council confirms that it has entered into a contract with BAM Construction Limited. At the time of writing this report confirmation of funding was imminent. This grant, together with funding from the Vocational Educational Centre and SEN programmes will result in a total scheme programme, for the Council, of some £26.9 million.
- 3.3.2 A further estimated £50 million will be received later in the year in respect of Bishop of Rochester and Brompton academies. Once confirmed, this funding will be reported to Members for inclusion in the capital programme.
- 3.4 Council, on 24 February 2011, agreed an addition to the Capital Programme of £1,500,000 to create a Specialist Autism Unit on the Ridge Meadow site to be funded from the proceeds of the Temple site for that purpose. To facilitate this and the proposed move of the Post-16 Bradfields Unit to the Ridge Meadow site, Cabinet was asked to reconsider its decision to declare the Ridge Meadow site surplus. This was agreed by Cabinet on 29 March and the £1,500,000 will now be included in the 2011/2012 capital programme.

4. Revenue Budget 2011/2012

- 4.1 Council, on 24 February 2011, approved a gross revenue budget of some £616.8 million funded from council tax, fees and charges and a variety of Government grants. Some grant funding was provisional at that stage and this section of the report advises Members where grants have changed and the impact, if any, on the revenue budget for 2011/2012.

4.2 *Business Support Department*

- 4.2.1 The Marine and Coastal Access Act 2009 is modernising the way that inshore sea fisheries resources are managed in England and Inshore Fisheries and Conservation Authorities (IFCAs) will be taking on this role and replacing Sea Fisheries Committees from April 2011, The Council has received a grant of £32,495 from the Department for Environment Food and Rural Affairs (DEFRA) in respect of Medway's contribution to the new Kent and Essex IFCA. This grant has no overall effect on the Council's budget.

4.2.2 The budget for Adult Education is balanced by a combination of Government grants and charges for courses etc., as the service must break even. The 2011/2012 budget assumed grant income of £2.144 million, the same as 2010/2011. The latest indication is that the grant will be £2.118 million and the service levels/income will be adjusted accordingly.

4.3 *Children and Adults Directorate*

4.3.1 In formulating the revenue budget for 2011/2012, a spending reduction of £227,000 was anticipated following cessation of Home Office funding for Drug and Alcohol Action Teams. The Home Office has confirmed that there will be reduced funding of £78,490 for its Drug Interventions Programme. However, the Department of Health (DoH) has also announced funding £135,605 for the same programme. The reduction in service will, therefore, not be necessary.

4.3.2 Similarly, cessation of Youth Justice Board funding for Youth Offending Teams (YOT) was anticipated and a reduction of £431,000 in YOT provision was incorporated in the 2011/2012 budget proposals. Funding of almost £460,000 from the Youth Justice Board has recently been announced and the service can be reinstated to reflect this increased level of funding.

4.3.3 Dedicated Schools Grant (DSG) has fallen from £199.074 million to £197.789 million reflecting the actual pupil census data of 39,933 pupils compared to an estimated 40,192. The Department for Education (DfE) will confirm the final figure in the summer and there may be a further minor adjustment to DSG. The majority of DSG is devolved to schools and this reduction will have no effect on the budget retained by the Council.

4.3.4 The DfE has announced a ringfenced grant of £330,169 to be used solely for the purposes of providing or commissioning music education services.

4.3.5 The Early Intervention Grant from the DfE has been confirmed at £10,281,255 representing an increase of £44,820 from the provisional notification. The Council has allocated its Early Intervention Grant to the following services and activities:

- Early Years / Surestart: £6,926,521
- Connexions: £1,954,734
- Preventative Fund: £350,000
- Aiming High: £1,000,000
- Children's Care Training: £50,000.

4.3.6 The Pupil Premium Grant has fallen by £96,220 to £2,203,780 reflecting the latest census data for children from deprived backgrounds, looked after children and those whose parents are in the armed services. All of this grant is passported to schools.

4.3.7 A non-ringfenced grant of £178,561 entitled 'Extended Rights to Free Travel & General Duty on Sustainable Travel to Schools' has been awarded by CLG to support low-income families attend schools further from home than the statutory walking distances. The Council has a budget of £66,000 for this service formerly funded from Area Based Grant and the budget will now be increased to match the grant total.

4.4 *Regeneration, Community and Culture Directorate*

4.4.1 The Department for Transport (DfT) has recently announced additional funding for highway authorities. In February the DfT made available £100 million as an exceptional payment to help local authorities with much needed road repairs (potholes) following the severe weather at the end of last year. Since this announcement extra funding has been made available because of savings the Department made earlier in the financial year. The total amount to be distributed is now £200 million and Medway's share is £502,153. Although this funding is not ring fenced for highway purposes, all local highway authorities have agreed to publish information on their websites by 30 September 2011 showing where this extra money has been spent and the Council has ranked its potholes and funding will be targeted in order of severity.

4.4.2 The DfT has also announced a £10 million fund for one year only to help rural local authorities kick start community transport in their areas.

Medway will receive £32,690 which will go towards community groups and the Council working together to deliver innovative solutions to rural transport needs. In addition, each rural authority will receive £2,600 worth of consultancy time from the DfT's Community Transport Association's consultancy group. This will provide around 6 days of consultancy which can be used to develop ways to increase capacity, enhance and establish community transport services, develop promotional material encouraging greater use and give advice to ensure that procurement procedures do not inadvertently exclude the community transport sector.

4.5 *Corporate Grant Funding*

4.5.1 The Council Tax Freeze Grant has been confirmed at £2.463 million.

5. Financial and Legal Implications

5.1 The financial implications are set out in the report.

5.2 There are no legal implications.

6. Risk Management

6.1 The major risks inherent in constructing the revenue budget and capital programme for 2011/2012 were discussed in detail in the report to Council on 24 February. No further risks are anticipated arising from this report.

7. Recommendations

7.1 That Council approves the additions to the capital programme as set out in Section 3 of the report.

7.2 That Council approves the increase in revenue budget as set out in section 4 of the report.

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Background papers:

Report to Cabinet 15 February 2011, Gateway 3 Contract Award: Strood Academy
New Buildings

Report to Council 24 February 2011, Capital and Revenue Budgets 2011/2012

Report to Cabinet 29 March 2011, Capital Budget Monitoring 2010/2011