

BRIEFING PAPER

SUBJECT: Capital Programme 2013/14 – Funding Gap
DATE: 24 April 2013
RECIPIENT: SCHOOLS' FORUM

THIS IS NOT A DECISION PAPER

SUMMARY:

1. The Capital Maintenance Grant received by SCC for 2013/14 was significantly lower than anticipated. This, combined with an increasing backlog maintenance schedule, has resulted in an affordability gap between what SCC would like to deliver within the schools maintenance programme and what it can deliver within the available resources. This paper seeks the view of the Schools' Forum on the proposal to meet a portion of this gap from the Devolved Formula Capital allocations of those schools at which maintenance works are undertaken.

BACKGROUND and BRIEFING DETAILS:

2. The Capital Maintenance Grant allocated to SCC for 2013/14 is £2,507,000. The grant received for 2012/13 was £3,115,000 and has decreased due to the reducing number of maintained schools in the city. This reduction in available capital comes at a time when the schedule of backlog maintenance issues at Southampton schools is increasing year-on-year. The current estimated cost of resolving all maintenance issues at all maintained schools within the city stands at £36 million.
3. In anticipation of a shortfall emerging between those maintenance issues that it is desirable to fund and those that can be afforded, the Authority has identified all available underspends within the existing capital programme that can be redirected to addressing these items. This provides the following budget for 2013/14:

Budgets	Amount (£)
Capital Maintenance Grant	2,507,000
Underspends	787,000
Total	3,294,000

4. The report to set the CSL Capital Programme for 2013/14 is due to go to Cabinet on 21 May 2013. In advance of this, officers will meet members to discuss potential options for what will be proposed in this report. The three options to be presented are as follows:

5. Option 1:

Project Name	Budget (£)
Standing Commitments	530,000
Health & Safety	400,000
<i>Capital Maintenance Programme</i>	<i>1,939,000</i>
Contingency	300,000
Project Management	125,000
Total	3,294,000
Affordability Gap	0

6. Option 2:

Project Name	Budget (£)
Standing Commitments	530,000
Health & Safety	400,000
Solar PV	100,000
Renewable Heat Incentive	200,000
<i>Capital Maintenance Programme</i>	<i>2,990,000</i>
Contingency	500,000
Project Management	125,000
Total	4,845,000
Affordability Gap	1,551,000

7. Option 3:

Project Name	Budget (£)
Standing Commitments	530,000
Health & Safety	400,000
Solar PV	100,000
Renewable Heat Incentive	200,000
<i>Capital Maintenance Programme</i>	<i>3,603,000</i>
Contingency	500,000
Project Management	125,000
Total	5,458,000
Affordability Gap	2,164,000

8. At the pre-cabinet meeting between officers and members, consideration will be given to the potential for SCC to fund one of Options 2 or 3, by meeting the associated affordability gap from Council resources. However, as part of the exercise of closing the gap, members have asked officers to investigate the potential for schools to contribute to projects at their schools from their DFC allocation. In terms of this, the proposal to the Schools' Forum is as follows:

It shall be a condition of funding capital maintenance projects that the school concerned shall contribute the lower of:

- 50% of the project costs, or
- 50% of the school's DFC allocation for 2013/14.

Assuming that the indicative programme of works remains as is, should the above proposal be implemented, it would provide a total contribution of approximately £87,000 (Option 2) / £110,000 (Option 3) across all schools in the programme. This would equate to a contribution of roughly 3% of the total programme cost.

9. This paper seeks the Schools' Forum's view in relation to the proposal to make the above a condition of a school's receipt of capital maintenance assistance, both for 2013/14 and as a general principle moving forwards.

Further Information Available From:

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