
REVIEW OF THE MEDIUM TERM FINANCIAL PLAN- CAPITAL

Responsible Cabinet Member – Councillor John Williams, Leader

Responsible Director – Corporate Management Team

SUMMARY REPORT

Purpose of the Report

1. To update Cabinet on reductions in Government grant funding for capital and to propose changes to the capital medium term financial plan to respond to the funding reductions.

Summary

2. Excluding Building Schools for the Future, Government grant funding for the capital programme has been reduced by £1.4M. This report proposes changes to the capital programme to reduce planned spending in line with funding reductions.

Recommendation

3. It is recommended that: -
 - (a) The reductions in capital grant funding be noted
 - (b) The consequential reductions in planned capital expenditure set out in **Appendices 1 and 2** be approved.

Reasons

4. The recommendations are supported by the following reasons :-
 - (a) To update Members
 - (b) To deliver the best achievable outcomes within the reduced level of capital resources now available.

Corporate Management Team

Background Papers

No background papers were referred to in producing this report.

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S17 Crime and Disorder	The proposed actions have been developed with due regard to the Council's obligations regarding crime and disorder and are not expected to impact on the fulfilment of them.
Health and Well Being	The proposals have been developed to minimise any potential negative impact on health and well being.
Sustainability	The proposals, particularly those relating to transport, have been developed to minimise any potential negative impact on sustainability.
Diversity	The Council has a statutory duty to promote equality and must consider the impact that decisions may have on certain groups, including disabled people. Equality Impact Self-Assessments have been carried out, which are referred to in paragraphs 15 to 18 of the report. Cabinet members have considered the assessments.
Wards Affected	All wards are affected
Groups Affected	Transport users, schools, young people
Budget and Policy Framework	The report does not propose changes to the budget or policy framework.
Key Decision	This is a key decision
Urgent Decision	This is not an urgent decision
One Darlington: Perfectly Placed	The recommendations are consistent with the Sustainable Community Strategy.
Efficiency	This report is primarily concerned with keeping Council expenditure within available resources. The recommendations take account of efficiency in aiming to continue to deliver the best achievable outcomes within the reduced level of resources now available.

MAIN REPORT

Information and Analysis

5. On 10 June 2010 Government announced reductions in capital grants for transport. Further reductions in capital grants were announced on 5 July, relating to education, in addition to the BSF announcement. This report refers to the reductions in capital grants (other than BSF) that have so far been announced. It is possible that further reductions may still be made.
6. These grants are not all ring-fenced but officers propose that the reductions in grants be matched by in-year spending reductions in transport and education. This approach continues the long-established practice of pass-porting capital grant funding to the major scheme blocks, on which the current capital programme was based.

Transport

7. On 10 June, a reduction of £419,000 in capital grants for transport in 2010-11 was announced. Of the total, £383,000 relates to Local Transport Plan (LTP) Integrated Transport and £36,000 is Road Safety capital grant.
8. Officers have, therefore, reviewed the LTP and produced a proposed list of amendments to accommodate the £419,000 reduction in capital grant within the transport programme, attached at Appendix 1.
9. Officers have reviewed the whole LTP2 programme with the objective of identifying savings and deferrals that best safeguard commitments to the delivery of the 2010/11 programme and have minimum impact on the desired outcomes of the LTP programme. It is proposed that the schemes within the 2008 to 2010 programme, listed in appendix 1, be either reduced or deleted. The cost of the Glebe Road Bus Stop improvements is to be funded by the Housing Growth Point Fund in accordance with Cabinet's resolution regarding the development of Beaumont Hill School sites.
10. The LTP for 2010/11 includes construction costs for Cockerton Green and North Road schemes. The DfT grant offer letter for Tees Valley Bus Network Improvements (TVBNI) and requirement to re-profile the programme over five years, means that these schemes will not now be constructed within the current LTP timetable. These costs are effectively deferred and funding for them is dependant on Government allocating funds through LTP3, which begins in 2011/12. There is clearly a risk that funding may not be available for them, in the context of the uncertainty of future DfT LTP funding.

Education

11. The Department for Education has produced a document regarding the Secretary of State's announcement concerning the carry-forward of unspent resources over financial years. The key message is that in 2010/11 DfE will work with local authorities to ensure that where projects are likely to under spend, those under spends are 'banked' instead of being made available for new schemes. By doing this, DfE are anticipating an under spend of £830M.

12. In addition to the above proposed savings, £169.5M of additional savings has been identified where previously notified funding allocations are judged to be no longer affordable. The reduction to Darlington Borough Council is £0.9M. The detailed consequences and proposed actions to manage these reductions within Children's Services' capital programme are set out in Appendix 2.
13. It is possible that further reduction may still be made. Partnership for Schools have already been in contact with local authorities regarding the Co-location funding to establish exactly how much money has been committed and what balance is un-committed.

Outcome of Consultation

14. There has been no external consultation specific to the production of this report. There was, however, extensive consultation on the formulation of the capital programme. There is on-going public consultation regarding transport priorities and on-going dialogue with schools regarding capital investment priorities. The recommendations are informed by those consultations. There will be further consultation with schools and service users regarding detailed implementation of many of the proposed reductions, particularly in the education grants.

Impact Assessments

15. This report is concerned with capital expenditure plans. The proposals it contains do not affect current service delivery but will result in delay or cancellation of planned future enhancements to assets. In that regard, there is a key distinction between the proposals in this report and those relating to revenue.
16. The capital budget reductions proposals have been assessed for their impact on: Equalities (including disability equality); Poverty; Environmental Sustainability; Health and Safety; Partners; and Public Perceptions and Unintended Consequences. The assessments found that the transport-related proposals were likely to have minimal or low impact on the public and the delivery of One Darlington: Perfectly Placed.
17. Taken as a whole the reductions relating to Children's Services capital plans could potentially impact negatively on arrangements for early intervention and preventative action as set out in Section 3 of the Children and Young People's Plan, which states that preventative working at a local level is a key element of our locational strategy. It is important to note, however, that the possible loss of grant relating to co-location of services, which would have the greatest impact on local preventative working, is unlikely to occur.
18. Consultation with those affected by the proposals is planned but cannot be carried out until after decisions about whether to implement the proposals have been made. The initial impact self-assessments that have been carried out have highlighted potential negative impacts. Consultation and detailed assessment will enable mitigation of negative impacts to be considered.

Transport – Proposed Actions to Manage Reduction of £419,000 Capital Grants

2008-10 Schemes

Budget £000	Scheme	Details	Outcomes	PI	Proposed Reduction £000	Commentary
4	Traffic Management		A,C,D	LI 0303	4	Deletion of budget now possible since no need identified for minor traffic management works in period. Larger traffic management schemes delivered through other budgets.
149	Bus Stops	Glebe Road, HGP income	A,B,C,E	Satisfaction not an NI or LI	25	Income from Housing Growth Point Fund not taken. Scheme in delivery using LTP funding in anticipation of the Housing Growth Point Fund repaying the LTP in accordance with Cabinet's resolution regarding the development of Beaumont Hill School sites. No impact on public.
81		Speed Management Review	D	BVPI99z	34	Reduction in the programme of 20mph Zones. None of the proposed reductions have reached consultation stages.
60		Casualty Reduction		BVPI99z	35	Deletion of part of budget allocated to the delivery of Local Safety Scheme from a priority list set according to accident records. However, the records have not justified the use of the full budget due to road design not being the main causal factor.
20		2008/09 contingency		BVPI99z	20	Budget contingency no longer required due to low scheme outturns. No impact on public since schemes delivered.

Budget £000	Scheme	Details	Outcomes	PI	Proposed Reduction £000	Commentary
17	Counters & Monitoring	Data for scheme development	A,B,C,D,E, F	LTP2 Traffic Flows	17	Deletion of budget now possible since efficiencies made in the delivery of surveys and monitoring equipment replacement less than anticipated. No impact on public.
30	ANPR Camera's	Expansion of Police ANPR system	C	LI 0303	30	Deletion of budget to expand Police number plate recognition system to gain data on routes taken by drivers on local roads for future scheme planning. Small impact on public since traffic counter network still in place to provide evidence on traffic flows (but not routes).
16	Consultation 3LTP	Development of Statutory Plan	A,B,C,D,E, F		11	Reduction in budget now possible since more work being carried out in house compared to original plan. No impact on public since consultation process being delivered in full.
Total					176	

2010-11 Schemes

Budget £000	Scheme	Details	Outcomes	PI	Proposed Reduction £000	Commentary
147	Cockerton Green junction improvement	Local funding contribution	A,B,C,E	NI 177	147	Local funding contribution towards the construction cost of these two junction improvements within the Tees Valley Bus Network Initiative (TVBNI) major scheme.
93	North Road/Whessoe Road junction improvement	Local funding contribution	A,B,C,E	NI 178, NI178b NI 167	93	Negotiations ongoing with the Department for Transport over the funding profile for the scheme, so precise build date for these junctions still be finalised. Deferral of local expenditure thus possible. Deferral of expenditure means that less expenditure on other budgets will be possible in the Third Local Transport Plan.
30	CCTV on bus	Match funding programme.	A,D,E	NI 177	3	Reduction in budget now possible due to final agreement over match funding with bus operator. No impact on bus users since scheme being delivered in full. TVBNI potential match.
				Total	243	

Total proposed reduction in LTP spending to match reduction in 2010-11 grant £419,000

Outcomes: -

A – Sustainability

B - Accessibility

C - Congestion

D - Safety

E – Choice

F - Health

APPENDIX 2

Department for Education Funding Reduction	National Total £M	Consequence for Darlington and proposed actions	Grant reduction/ proposed spending reduction £000s
Co-location projects – Cancelling projects where progress has not been satisfactory or is not good value for money.	24	<ul style="list-style-type: none"> • Darlington Schools have developed partnership workings across 5 locality clusters. Cluster D, which are schools located in the South East of the Borough (including Hurworth Primary, St Georges & Borough Road etc) have successfully secured £2.7m of co-location funding. • Nationally 101 Co-location schemes were successful, and it is anticipated that only 3 of these schemes will be pulled. • Within Darlington this funding is being used in conjunction with the Primary Capital Funding to redevelop Dodmire Primary, Heathfield Primary, Hurworth Primary and Borough Road Nursery School. • As the majority of this funding is committed it is anticipated that funding allocated to schemes will not be withdrawn. However there is a risk that the funding maybe withdrawn and if so the schemes will need to be remodelled. 	0
School swimming – Cancelling capital investment in school swimming pools due to low take up of the offer	15	<ul style="list-style-type: none"> • No effect 	0
Eco-towns contribution – Not funding pilot work on energy efficient schools	2.5	<ul style="list-style-type: none"> • No effect 	0
Harnessing Technology Grant (HTG) – A further reduction to take this years funding down to £100m, allowing schools to reconfigure their broadband and IT infrastructure onto a more sustainable	50	<ul style="list-style-type: none"> • The Harnessing Technology Grant has already been reduced by £50m to pay for Free Schools, this announcements reduces the funding by a further £50m, which in total is 50% of the funding. • The HTG is used to subsidise the Schools Broadband Service and also to commission additional ICT services on behalf of schools. Including Learning Platforms, Evolve – The educational visit planning and approval system and to fund learning resources in primary 	200

Department for Education Funding Reduction	National Total £M	Consequence for Darlington and proposed actions	Grant reduction/ proposed spending reduction £000s
funding model.		<p>schools. Funding has also been committed for the provision of e-Safe forensic software to enhance internet security in all schools.</p> <ul style="list-style-type: none"> • Part of this pressure will be passed onto Schools. The re-charge to schools for Broadband has not been confirmed yet, as the charges from the Broadband provider are not usually confirmed until late summer. • Additionally only priority ICT services will be commissioned. • Schools will be free to accommodate this pressure wherever they feel appropriate within their budget. • In previous years there has been sufficient funding to respond to urgent issues. An example of this was the commission of E-safe forensic equipment, following the tragic death of Ashley Hall. This funding reduction will reduce the ability to respond to any similar priorities that may arise in future. 	
14-19 Diploma Development	50	<ul style="list-style-type: none"> • Each Local Authority who were not in the early rounds of Building Schools for the Future were allocated £8m of funding to enable capital improvements to occur at Secondary Schools to ensure Diplomas developed. • As it was anticipated that Building Schools for the Future funding would be received, the 14-19 funding was projected to be amalgamated into BSF. • This funding has been reduced by £660,000. • There is a commitment of £280,000 in relation to the Hummersknott redevelopment and £108,000 at Hurworth Comprehensive to pay for temporary accommodation. • It is proposed that the reduced amount of available funding will be expended in line with the previous agreement by the 14-19 Trust, which agreed to divide the funding between all Secondary Schools, on a formulaic basis. • It is not possible to state exactly what this will mean to individual capital projects as projects are yet to be fully developed following the recent withdrawal of Building Schools for the Future funding. Generally, it will require 	660

Department for Education Funding Reduction	National Total £M	Consequence for Darlington and proposed actions	Grant reduction/ proposed spending reduction £000s
		further scaling-back and stricter prioritisation of works. A report will be brought to Cabinet setting out the proposed revised programme.	
Youth Capital Fund	13	<ul style="list-style-type: none"> • It was anticipated that Youth Capital Funding of £65,000 would be received in 2010/11. It has been confirmed that this fund will be reduced by 50%. • This funding is used with the Youth Opportunity Fund (£90k) to fund the DOSH scheme which allows Young People to commission their own Youth activities. • This reduction will reduce the available fund to £122,000. • This will affect young people aged 11-19 in Darlington. Discussions will ensue with young people to ensure that priority activities will continue. 	32.5
Social Work IT Support – Not proceeding with plans announced just before the election of a formulaic allocation to local authorities to improve social work IT provision	15	<ul style="list-style-type: none"> • No effect as Darlington does not receive Social Work IT Capital fund. 	0
Extended Schools Capital		<ul style="list-style-type: none"> • Extended Schools Capital funding of £100,000 was awarded for 2010/11. This funding has been used to fund the construction of Northwood Primary School. • This funding has now been reduced by £54,000. • As Northwood Primary School has already been constructed, it is impossible to reduce the cost of this scheme. • Discussions are to ensue to try to accommodate this pressure within Children Services Capital Programme, however this may result in the cancellation/reduction of one of the Primary Capital Projects. 	54
Total - national	£169.50M	Total – Darlington	£946,500