

## THE ROYAL BOROUGH OF KENSINGTON AND CHELSEA

### SCRUTINY COMMITTEE – 1<sup>st</sup> FEBRUARY 2011

#### REPORT BY THE EXECUTIVE DIRECTOR FOR FAMILY & CHILDREN'S SERVICES

#### CAPITAL BUDGET 2011/12 – 2013/14

This report presents the draft capital budget for 2011/12 – 2013/14 for the Family & Children's Services Business Group. The total budget cost over this period is £72.87 million of which £9.13 million would be Council funded with the balance of £63.74 million coming from external sources (e.g. grants and capital receipts).

The most significant capital project(s) for this Business Group are Holland Park School, Kensington Academy and Leisure Centre, Middle Row and St Mary's Primary Schools and Warwick Road Primary School.

The Scrutiny Committee is invited to submit any comments it may have to the Cabinet meeting on 17 February 2011.

**FOR COMMENT**

#### **1. INTRODUCTION**

- 1.1 The Medium Term Budget Prospects and Business Planning report to Cabinet on 22 July 2010 set out the background and planning guidelines to be adopted in drawing up the Revenue Budget and Capital Programme for the Council.
- 1.2 The schemes in this report have been through a prioritisation process that considered both operational necessity, contribution to the capital strategy and value for money.
- 1.3 Bids have been subjected to scrutiny first by an independent officer panel and then by the Cabinet Members for Finance and IT and Housing and Property. The Cabinet Member for Finance and IT emphasised to all Business Groups the need for their bids to be realistic in the present financial situation. Where costs have not yet been yet committed, Business Groups have been asked to reduce the cost of schemes below the budgeted level, avoiding over-specification of works and ensuring that scheme costs are not excessive.

## **2. BUSINESS GROUP CAPITAL STRATEGY / OBJECTIVES**

- 2.1 The current Capital Objectives for the Family and Children's Services Business Group are defined within the Capital Strategy 2009/10 document, and informed by the Children and Young People's Plan which defines the statement of strategic planning and priorities for children, young people and families in Kensington and Chelsea. The FCS Capital Strategy document defines the business group's capital objectives, the scope of our estate and methodology for prioritising spend.
- 2.2 Family and Children's Services fullest statement of Business Group priorities remains the Children and Young People's Plan "Strong Families at the Heart of a Strong Community". The Business Group also includes libraries and Adult and Family Learning. Key Priorities were set out in the Cabinet Business Plan for 2010/11-2012/13 as follows:
- Ensuring children are safe
  - Implementing a major transformational change programme
  - Achieving greater efficiency and value for money
  - Improving prevention and early intervention
  - Delivering high standards in education and long life learning
  - Promoting economic well-being
- 2.3 The five directorates (of which three are classed as 'operational' and two as 'support') currently within FCS, working alongside their partners in the Council and beyond, provide and secure excellent services for families in the Royal Borough. These services require accommodation which is 'fit for purpose' and able to respond to the changing needs of the services. Each of the three operational directorates has defined its specific capital objectives for the coming year. These objectives inform capital bids to the FCS Capital Programme and ultimately serve to support them in delivering against the business group objectives in section 2.2.
- 2.4 The structure of this year's capital programme has been revised to better align funding allocations to the business group's service delivery. Extensive work has been undertaken to better understand the accommodation needs across our estate and training has been provided to ensure those who compile the bids approach requests for funding in a more strategic and informed manner.
- 2.5 All bids to the FCS Capital Programme now illustrate how closely they meet the following criteria:
- Asset Management Plan (AMP) Priorities, where appropriate

- Relevant Directorate objectives
- Business Group priorities
- Corporate Capital Strategy objectives
- Environmental aims
- Community aims
- Borough aims

### 3. PROPOSED CAPITAL PROGRAMME 2011/12 - 2013/14

3.1 **Appendix A** provides details of the proposed schemes showing the cost of each project phased over financial years together with the funding source(s). **Appendix B** summarises the funding sources of the total programme in more detail over each financial year.

3.2 The main schemes costing over £1 million are as follows:-

Main Spending Start Year	Business Group/ Scheme	Estimated outturn to 31 March 2011 £'000	Latest Estimated Cost £'000	Previous Estimated Cost £'000	Change in Council Funding £'000	Total Council Funding £'000	Programme Stage
	<b>Family and Children's Services</b>	-					
2007/08	36 Oxford Gardens Basement	1,140	1,140	892	248	1,140	Go
2005/06	Chelsea Academy Development	10,323	10,323	9,711	612	10,323	Go
2008/09	Chelsea Academy Sponsorship Costs	4,900	4,900	4,900	0	4,900	Go
2007/08	Children's Centre Capital	1,623	1,623	1,565	0	0	Go
2008/09	Holland Park School Redevelopment	22,245	79,988	80,120	-132	4,165	Go
2010/11	<b>NEW</b> Marlborough Primary School Expansion Phase 1	2,000	2,000		2,000	2,000	Go
2008/09	Play Pathfinder	1,991	1,991	1,923	0	0	Go
2007/08	Premises Improvement	3,131	3,131	2,556	378	2,494	Go
2008/09	Private, Voluntary, Independent Grants	2,059	2,059	1,924	0	0	Go
2011/12	<b>NEW</b> Warwick Road Primary School	0	10,250		4,250	4,250	Planning
	<b>TOTAL</b>	<b>49,412</b>	<b>117,405</b>	<b>103,591</b>	<b>7,356</b>	<b>29,272</b>	

### 3.3 New Schemes added to the programme

**Marlborough Primary School Phase 1** includes £2 million to acquire the lease from Kensington and Chelsea College, who occupy a substantial portion of the school building. This is required to enable the school to be expanded to two form entry. A further estimate of £1.4 million has been included in the pipeline to remodel/refurbish the school to accommodate the additional pupil numbers.

**Warwick Road Primary School** (new bid) is now included from the pipeline at £10.2 million funded from S.106 contribution of £6 million and council funding of £4.3 million.

### 3.4 Significant schemes in the existing programme

**Holland Park School Redevelopment** is a capital investment to redevelop the whole of the Holland Park School site, to provide a new school, disposing of part of the site for private residential development. The capital cost includes the provision of temporary facilities to enable the school to continue to operate whilst construction is underway, the construction of a new school and outdoor facilities. It is expected that the capital receipt from the sale of the southern site will cover more than the capital cost of the redevelopment. Council funding of £4.3 million relates to initial design costs.

### 3.5 Pipeline Schemes

There are a number of projects which may appear in future years' capital budgets but which are at an exploratory stage and therefore not yet sufficiently advanced to be included in the 2011/12 – 2013/14 programme. These 'pipeline' schemes are shown in the table below with best estimates of the likely cost and could amount to a further £53.647 million of capital expenditure of which £19.583 million would need to be funded from Council resources.

<b>Business Group / Scheme</b>	<b>Start Year</b>	<b>Total Cost</b>	<b>Council Funding</b>
		<b>£'000</b>	<b>£'000</b>
<b><u>Appraisal/ Concept (Stage 1)</u></b>			
<b>New</b> Central Library Condition Works	2013/14	3,000	3,000
Kensington Academy	Later years	26,600	9,000

<b>New</b> Marlborough Primary School Expansion Phase 2	2011/12	1,400	1,400
<b>New</b> Middle Row and St Mary's School Redevelopment	2011/12	18,647	2,183
St Marks Children's Home	Later years	2,000	2,000
Whistler Walk Children's Home Replacement	Later years	2,000	2,000
<b>TOTAL STAGE 1 (APPRAISAL/CONCEPT)</b>		<b>53,647</b>	<b>19,583</b>

**Kensington Academy** has been awarded £17.6 million by the Secretary of State for Education and is included in the academy programme. It is currently in the pipeline as a £26.6 million scheme of which £17.6 million will be Government funded and £9.0 million will be funded by other means.

**Middle Row and St Mary's School** – is in total an £18.6 million scheme to rebuild / redevelop the schools with shared facilities. This is part funded from the primary capital programme (up to £8.3 million) and a further £8.2 million from capital receipts and developer contributions leaving a potential requirement of £2.1 million of council funding.

The **Central Library refurbishment** (£16 million) has been removed from the pipeline and replaced with a bid for the essential condition works required to keep the building properly maintained and operational, at a cost of £3 million.

**Whistler Walk** replacement children's home is included at £2 million for delivery of the preferred option following a feasibility study which will look at a number of options.

**St Mark's Children's Home** is included for remodelling the existing residential units at £2.0 million of council funding.

### 3.6 Rolling Programmes

The draft capital budget also includes a number of rolling programmes of smaller schemes that are aggregated as a cash limit for each year. These are as follows:

Title	Description	2010/11 £'000	2011/12 £'000	2012/13 £'000	2013/14 £'000
<b>Family and Children's Services</b>					
Fair Funding Schools Allocation	Schools capital allocations calculated by formula and 100% funded through the Standards Fund.	741	0	0	0

Family Services Condition	Planned maintenance designed to ensure that FCS family services buildings (primarily children's homes) provide a safe and healthy environment in which services can be delivered.	300	100	75	75
Family Services Suitability	Capital improvements in response to the results of Asset Management Plan Suitability surveys.	335	75	75	75
General Access	Works to improve access to school buildings.	50	50	50	0
Lift Installations	Works to install lifts at Royal Borough school buildings - meeting requirements of the Disability Discrimination Act.	320	0	0	0
Minor Emergency Works	A rolling contingency sum for emergency works and a provision to enable emergency repair/improvement projects to be carried out.	95	100	110	0
Non School Education Buildings	Planned maintenance designed to ensure that FCS non-school buildings (primarily libraries) provide a safe and healthy environment in which services can be delivered.	1,000	150	150	150
Non School Buildings Suitability	Capital improvements in response to the results of Asset Management Plan Suitability surveys. Building works to address issues at various FCS non-school buildings as highlighted in Suitability Surveys and Fit for Purpose assessments by service managers.	660	75	75	75
Nursery/ Primary Schools Condition	Works to address necessary and prioritised works highlighted within asset management plans.	1,500	550	540	540
Nursery/ Primary Schools Suitability	Capital improvements in response to the results of Asset Management Plan Suitability Surveys. Building works to address issues at various primary and nursery schools highlighted in Suitability Surveys.	100	50	50	50
School Kitchens	Prioritised condition works to refurbish/replace school kitchens, catering facilities and catering staff areas. The works to kitchens are not included within the nursery/primary, secondary or special condition works.	84	40	40	40
Secondary Schools Condition	Planned maintenance designed to ensure that secondary schools provide a safe and healthy environment in which teaching and learning can be delivered.	22	10	10	10
Special Schools Condition	Planned maintenance designed to ensure that our special schools provide a safe and healthy environment in which teaching and	360	100	100	100

	learning can be delivered.				
	<b>TOTAL</b>	<b>5,567</b>	<b>1,300</b>	<b>1,275</b>	<b>1,115</b>

### 3.7 Associated Revenue Costs

A number of schemes require one-off associated revenue funding which, due to accounting rules, cannot be treated as capital expenditure but is nevertheless required for the delivery of certain schemes. This includes the cost of feasibility studies prior to schemes becoming firmer plans.

<b>Cost type</b>	<b>Business Group/ Cost</b>	<b>2010/11 £'000</b>	<b>2011/12 £'000</b>	<b>2012/13 £'000</b>	<b>2013/14 £'000</b>
	<b><i>Family and Children's Services</i></b>				
Feasibility	Asset Management Plans / Surveys	100	110	120	120
Survey	New Central Library Investigatory Works	0	75	0	0
Feasibility	Children's Home Feasibility	35	0	0	0
Consultancy	New Academy (to stage D)	100	50	0	0
Feasibility	New St Marks Study	0	25	0	0
Feasibility	Warwick Road Primary School Feasibility	130	300	0	0
		<b>365</b>	<b>560</b>	<b>120</b>	<b>120</b>

## 4. LEGAL AND PERSONNEL ISSUES

- 4.1 The capital programme includes a number of schemes to upgrade and improve the buildings portfolio of the Business Group. This will benefit the physical environment for both service users and staff.

## **5 DIVERSITY IMPLICATIONS**

- 5.1 The establishments within the Royal Borough provide opportunities for various users with a wide range of backgrounds and abilities. The Council's Equality Scheme Action Plan commits the Council to improve the accessibility of the buildings in the borough. The capital programme therefore includes a number of schemes designed to achieve these improvements. For this Business Group the main projects planned are as follows:

## **6. RECOMMENDATIONS**

- 6.1 The Scrutiny Committee is invited to refer any comments on the Business Group's draft Capital Budget to the 17 February 2011 Cabinet for their consideration.

**FOR COMMENT**

**Libby Blake**

**Executive Director for Family and Children's Services**

Background papers: Capital Programme files 2011/12 – 2013/14

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**Attach Appendices:-**

- 1> Capital scheme list (as per the Capital Programme Book)**
- 2> Funding summary**