

DECISION-MAKER:	COUNCIL		
SUBJECT:	EDUCATION CAPITAL PROGRAMME 2014/15		
DATE OF DECISION:	04 JUNE 2014		
REPORT OF:	CABINET MEMBER FOR EDUCATION & CHANGE		
<u>CONTACT DETAILS</u>			
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STATEMENT OF CONFIDENTIALITY
N/A

BRIEF SUMMARY

This report sets out proposals for the Council's spending priorities within the Education Capital Programme for 2014/15 and future years, in line with corporate priorities.

The report seeks approval to add £3,071,000 of expenditure to the Education Capital Programme. This report also seeks approval for variations totalling £662,000 to the latest capital programme. Finally, approval to spend is sought for £6,700,000 of expenditure within the Education Capital Programme for works taking place in 2014/15 and 2015/16.

RECOMMENDATIONS:

- (i) To add, in accordance with Financial Procedure Rules, a sum of £1,834,000 to the Education Capital Programme, to the Capital Maintenance programme, as detailed in Appendices 1 and 2, funded from non-ring-fenced Department for Education Capital Maintenance grant.
- (ii) To delegate authority to the Chief Financial Officer to add, in accordance with Financial Procedure Rules, a sum of up to £296,000 to the Newlands Primary Rebuild Project, within the Education Capital Programme, funded from non-ring-fenced Department for Education Capital Maintenance grant.
- (iii) To add, in accordance with Financial Procedure Rules, a sum of £500,000 to the Education Capital Programme, to the School Expansions: Phase 3 programme as detailed in Appendix 1, funded from non-ring-fenced Department for Education Basic Need capital grant.

- (iv) To add, in accordance with Financial Procedure Rules, a sum of £441,000 to the Education Capital Programme, to the Universal Infant Free School Meals programme as detailed in Appendices 3 and 4, funded from non-ring-fenced Department for Education Universal Infant Free School Meals capital grant.
- (v) To approve, in accordance with Financial Procedure Rules, capital variations totalling £662,000 to the Education Capital Programme, funded from the budgets shown in Appendix 1.
- (vi) To approve, in accordance with Financial Procedure Rules, capital expenditure of £6,700,000, phased £3,185,000 in 2014/15 and £3,515,000 in 2015/16, within the Education Capital Programme to carry out works as detailed in Appendix 1. This includes approval for expenditure on Primary Review Phase 2, as detailed in the July 2013 report to Council.
- (vii) To note that assumptions have been made about the likely level of Basic Need Grant to be awarded in 2015/16. If the final award is less than anticipated any shortfall in funding would need to be met from borrowing for which provision would need to be made in the revenue budget forecast.

REASONS FOR REPORT RECOMMENDATIONS

1. The Council has a number of urgent priorities for investment within the Education portfolio, which are highlighted within this report. As such, the above recommendations seek to ensure that the resources available to the Authority are allocated to these proposals, in order that the relevant projects can be commenced.

ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

2. The proposals contained within this report represent the means by which the Council can best deliver its stated objectives and responsibilities in terms of school organisation and estate maintenance. The option of not carrying out these proposals would necessarily result in a delay in project commencement and, potentially, a failure to deliver on key objectives for the current financial year and beyond.
3. All of the capital schemes proposed within this report have significant priority and require immediate investment. The rationale underpinning each scheme differs from programme to programme, as set out below:
 - Capital Maintenance – based on the need to undertake significant works relating to health & safety and statutory compliance issues.
 - School Expansion – based on the need to provide sufficient pupil places to meet demand, in line with the Council's statutory duty in this respect.
 - Universal Infant Free School Meals – based on the need to deliver additional kitchen/dining capacity, to enable the Council to deliver against the statutory requirement to provide free school meals for all infant age pupils from September 2014.

4. In developing the proposals presented in this paper, three other investment options for the 'Other Additions' element of the programme were considered. The first of these proposed investing an additional £1,037,000 in additional planned R&M works (with a view to bringing this investment in line with predicted in year demand), as well as an additional £40,000 in the Schools Access Initiative. The second proposed a further investment of £306,000 in planned R&M works (relative to the first option), with this additional investment being targeted at maintaining the maintenance backlog of maintained schools at the present level. The third proposed a further investment of £617,000 in planned R&M works, aimed at addressing all Priority 1 capital issues identified within the condition surveys of maintained schools. After consideration of the various options, it was decided to proceed with the options presented in this paper, on the grounds that the other two options could not reasonably be afforded within the Council's available budgets.

DETAIL (Including consultation carried out)

5. The investment priorities for the Children's Services estate for 2014/15 and beyond are as follows:

Capital Maintenance

6. Newlands Primary Rebuild Project (£296,000)

It is currently projected that there will be an overspend on the Newlands Primary Rebuild Project. The cost uplift is associated with an approved extension of time claim, arising from the discovery of a buried electricity main under the old school building. The projected overspend for Newlands is based on a worst-case scenario. The true amount is likely to be less than this figure. As such, the recommendation is that delegated authority is provided to officers to add a further amount of up to £296,000 to cover the eventual overspend.

7. R&M Planned Programme (£1,247,000)

There is presently a backlog maintenance schedule of £37.6 million at maintained schools in Southampton. Many of these condition-related items have a direct bearing on schools' ability to function (e.g. boilers, roofs, windows) and, as such, it is important that capital is set aside on an annual basis to address the most pressing of these demands. The capital allocation proposed by this report will deal with just over half of Priority 1 issues identified in maintained schools' condition surveys. Should in-year issues arise, the Council should be able to deal with these reactively from the Unplanned Capital Maintenance budget (see §11), with minimal chance of impacting on the planned programme. The proposed programme of work for this element of the programme is appended to this report as *Appendix 2*.

8. Asbestos Management (£140,000)

The Council has a statutory responsibility to provide an ongoing programme of asbestos management for all its maintained schools that are affected by this issue. The cost of this inspection and works programme is generally stable from each financial year to the next and, on this basis, it is recommended that £140,000 is allocated to this budget for the coming year.

9. Schools Access Initiative (£110,000)

The Council has an ongoing statutory responsibility to provide accessibility to educational facilities for children with disabilities, which requires adaptations to be made to school buildings. This programme of work is reactive, with money being spent in response to requests from schools throughout the course of a given year. Previous examples of work carried out include the provision of access ramps, accessible toilets, stair lifts and changing benches. Again, the level of spend is generally consistent, although there is a gradual tend for expenditure to increase year-on-year, as the numbers of children with disabilities educated within a mainstream setting increases. On this basis, it is proposed that £110,000 be allocated to this area for the coming year.

10. Project Management (£137,000)

The cost of project management time for these proposals is £137,000 for 2014/15. This will fund three Project Manager posts in the Strategy & Capital Programme Team in the People Directorate.

11. Unplanned Capital Maintenance (£200,000)

It is important that a certain element of the identified funding is “held back”, in order to provide for unforeseen issues/events that may arise throughout the course of the year, such as emergency roof repairs or boiler replacement, over and above the planned programme. In the event of an unforeseen occurrence, in the first instance, the current Education planned capital programme will be looked at to see if any reprioritisation can be made before drawing on this budget.

School Expansions: Phase 3

12. Current pupil forecasting data indicates that the 2015/16 Year R intake will represent a peak year for demand that will exceed the capacity already built into the system under Primary Review: Phase 2. After this peak year (i.e. from 2016/17 onwards), pupil numbers are forecast to drop back down closer to current levels. The table below shows the number of Year R places available compared to the forecast number of Year R pupils:

Academic Year	Number of Pupils	Number of Places
2014/15	3,060	3,135
2015/16	3,245	3,120
2016/17	3,100	3,120
2017/18	2,940	3,120

13. As such, officers believe it prudent to expand places provision for the 2015/16 year only, via “bulge” classes at five schools. The proposal to increase the Published Admission Number (PAN) at four of these schools was approved by Cabinet on 15 April 2014. The remaining school (Portswood Primary) is an academy and manages its own admission arrangements, but agreement to the expansion has been secured in principle, with the Headteacher and Governing Body. The detail of the expansion proposals is provided below.

14. Portswood Primary (£150,000)
PAN increase from 60 to 90. It is proposed that a modular classroom will be installed onsite. After the bulge year has worked its way through the school, it is the intention that this space could be utilised for teacher training, in which the school is a lead for the city.
15. Bitterne Manor Primary (£120,000)
PAN increase from 30 to 60. It is proposed that the music room will be converted into a staff room, the staff room into a pre-school and the pre-school into a classroom.
16. Mansbridge Primary (£50,000)
PAN increase from 30 to 60. It is proposed that the library will be converted into a classroom.
17. Bitterne Park Primary (£30,000)
PAN increase from 90 to 120. It is proposed that the extra classroom will be achieved by the reorganisation of existing space within the school.
18. Thornhill Primary (£30,000)
PAN increase from 45 to 60. The school has historically accommodated up to 420 pupils so the school has enough classrooms to admit up to 60 pupils in one year group. It is also planned that they will admit up to 60 Year R pupils in 2014/15. This will be achieved through minor refurbishment work to existing classrooms.
19. Great Oaks School (£120,000)
In addition to the above proposed expansions, it is also intended to expand Great Oaks School. The expansion of this school is not associated with the increase in birth rates in the city (as it provides for secondary-age pupils). Rather, the expansion is related to an increase in the number of identified children in the city that are of the need type that the school caters for (i.e. Learning Difficulties & Autistic Spectrum Disorder).
20. The increase in intake is envisaged to take effect from September 2014 and is predicted to be in the region of 16-18 additional pupils. The intention is to provide two additional classrooms to provide for this increased intake, although it is anticipated that they will only be required for 3 years, as it is envisaged that alternative provision will be available from that point. It is proposed that the expansion of Great Oaks will be achieved via the location of two mobile classrooms on the old Millbrook school site, which will provide offsite VI Form provision for the school, whilst freeing up sufficient space in the main school building to accommodate the additional pupils.

Universal Infant Free School Meals (UIFSM)

21. The Children and Families Act places a legal duty on schools in England to offer a free school meal to all infant-age pupils (i.e. those in reception, year 1 and year 2) from September 2014. In December 2013 the government announced £150 million of capital funding to support local authorities in securing the necessary infrastructure to deliver this requirement. In Southampton, this amounted to an unringfenced capital allocation of £441,000 to support this initiative in schools for which the Council has capital responsibility.
22. City Catering has identified the additional equipment (e.g. ovens, steamers, service counters, fridges, freezers, mixers etc.) and storage that is needed in each of the affected schools' kitchens in order to deliver the increased volume of meals that will be needed under UIFSM. The total cost of this provision is projected to be in the region of £264,000 and a breakdown is provided as *Appendix 3*.
23. In addition to this, the Council wrote to affected schools in March to request that they make submissions regarding any essential investment that they would require in terms of bringing their dining capacity up to the requisite level. In total, 22 schools responded with proposals for expenditure to enable their delivery of UIFSM. These proposals have been scrutinised, with further dialogue being entered into where necessary and with priority being given to projects that deliver additional capacity in a cost-effective manner (e.g. additional equipment and/or small-scale refurbishment/remodelling). The outcome of this exercise is the proposal included as *Appendix 4*, with a total cost of £166,000.
24. The total projected cost is therefore in the region of £430,000, although it is proposed that the full grant of £441,000 be allocated to this purpose, to allow some contingency for minor respecification of requirements and/or uplift in costs, relative to estimates.

Scheme Variations

25. In advance of the preparation of this report, all projected overspends and underspends within the programme have been identified. The majority of these have been balanced within the overarching schemes and have been dealt with under the *Officers' Scheme of Delegation*. However, the variations listed in *Appendix 1* require the formal authorisation of Council, as they are between different schemes of work. An overview of the reasons for the significant over and underspends presented in the appendix is provided below.
26. Expansion of St. John's Primary & Nursery (£235,000 overspend)
Additional cost associated with the emergence of significant abnormalities, primarily due to the listed nature of the building and the nature of the site. Specifically, the cost uplift is attributable to the need to install a secondary staircase; adaptation of the drainage design; archaeological requirements; and additional balustrading.

27. Pupil Referral Unit Capital (£194,000 overspend)
Additional cost associated with the location of a significant amount of additional asbestos that had not been picked-up in previous surveys, as well as the effective disintegration of the concrete slab in certain areas, necessitating the laying of new flooring and an extension of the contract period.
28. Primary Review P2 – Wordsworth Primary (£124,000 overspend)
Additional cost associated with the location of a significant amount of asbestos “buried” under the existing school, together with the provision of encasement to the secondary staircase, on the recommendation of SCC Health & Safety.
29. Newlands Primary Rebuild Project (£104,000 overspend)
Additional cost associated with an approved extension of time claim, arising from the discovery of a buried electricity main under the old school building. This overspend is in addition to the figure quoted in paragraph 6 and represents the actual overspend to date.
30. Academies – Capital Works (£228,000 underspend)
This budget was associated with the offsite works required to facilitate the development of the two new academies in the city (i.e. Oasis Academy: Mayfield and Oasis Academy: Lord’s Hill). The initial budget was provided on the basis of high-level estimates of the potential works that would be required as part of the planning process. In the event, the Project Team was able to devise and negotiate more cost effective solutions than had originally been envisaged, resulting in the savings shown.
31. Cedar School Unilateral Undertaking (£150,000 underspend)
SCC Planning effectively placed nil capital-related conditions on the Council in respect of this development, meaning that this money is no longer required for the purpose to which it was originally directed. The original allocation was for £200,000. However, the school scheme itself had to be value engineered and it is proposed that £50,000 be held back to support the school in the purchase of fixtures, fittings and equipment, which would mitigate the impact of this. This leaves a £150,000 underspend that can be reinvested in the wider programme.
32. School Capital Maintenance (£133,000 underspend)
This is the programme-level contingency budget associated with the Education Capital Programme. It was provided specifically on the basis of managing unforeseen expenditure and its inclusion in the above table means that it is being directed to the purpose that it was intended for.

RESOURCE IMPLICATIONS

Capital/Revenue

33. The changes to the programme contained in this report are summarised in the table below and detailed in *Appendix 1*.

	Additions £000s
2014/15	2,801.0
2015/16	270.0
Total	3,071.0

34. It is proposed that the additional expenditure will be funded from the following sources and it is anticipated that the 2014/15 funding will be received in advance of expenditure taking place:

Funding Source	2014/15 Confirmed	2015/16 Estimate	Total
	£000's	£000's	£000's
Capital Maintenance Grant	2,130.0		2,130.0
Basic Need Grant	217.0	283.0	500.0
Universal Infant Free School Meal Grant	441.0		441.0
Total	2,788.0	283.0	3,071.0

35. The Basic Need Grant for 2014/15 was given to the Council as part of a two-year grant in 2013/14. In line with the Cabinet Decision of 16 April 2012, the majority of this grant was allocated to funds already committed within the Capital Programme for the Primary Review: Phase 2. An amount of £217,000 of the 2014/15 grant remains uncommitted, which this report proposes allocating to the School Expansions: Phase 3 programme. Further, it is proposed that the remaining £283,000 should be funded via the Basic Need Grant for the 2015/16 financial year.
36. No announcements have yet been made about Department for Education capital grant allocations for 2015/16. However, it is anticipated that as future grant will be targeted at areas of need, that Southampton will receive similar allocations of Basic Need funding. The figure above for 2015/16 is therefore indicative and much less than the £4.8 million confirmed for 2014/15. In the event of future grant funding not being sufficient, funding would need to be set aside to cover borrowing costs.
37. The revenue costs of all schools are met from the Individual Schools Budget funded by the Dedicated Schools Grant. The amount of Dedicated Schools Grant that the authority receives each year is based on the number of children in the city. If the city's overall numbers grow, this will result in an increase in the amount of grant received which can be passed onto schools via budget shares calculated using Southampton's School Funding Formula.

Property/Other

38. It is anticipated that these proposals will assist in reducing the current overall backlog maintenance.

LEGAL IMPLICATIONS

Statutory power to undertake proposals in the report:

39. The power to provide and maintain educational facilities as proposed in this report is set out in the Education Act 1996.

Other Legal Implications:

40. The proposals set out in this report are brought forward having regard to the Council's statutory responsibilities as a duty holder for health & safety in schools in accordance with the Health & Safety at Work Act 1974 and associated secondary legislation. Provisions for the increase of security of school sites are designed having regard to the Council's duties under s.17 Crime & Disorder Act 1998 (exercise of functions having regard to the need to reduce or eliminate crime or disorder). The proposals for the increase in catering capacity at infant/primary schools have regard to the Council's statutory responsibilities under the Children and Families Act 2014. All services and works will be procured and implemented in accordance with national procurement legislation and the Council's Contract Procedure Rules and having regard to the Council's duties under the Equalities Act 2010.

POLICY FRAMEWORK IMPLICATIONS

41. The capital investment proposed for Southampton's schools within this report will contribute to the outcomes of both the 14-19 Strategy and Children & Young People's Plan by improving the condition, suitability and efficiency of the City's school estate. Some of the investment that is brought forth under these proposals will likely have to be mindful of the Local Transport Plan. Alignment of the proposals with the aims of this plan will be achieved through the involvement of relevant officers on the appropriate project steering group(s).

KEY DECISION? Yes

WARDS/COMMUNITIES AFFECTED:	All
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SUPPORTING DOCUMENTATION

Appendices

1.	Education Capital Programme Changes 2014/15
2.	Education Capital Maintenance Programme 2014/15
3.	Universal Infant free School Meals – Kitchen Costs 2014/15
4.	Universal Infant Free School Meals – Dining Costs 2014/15

Documents In Members' Rooms

1.	None
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Equality Impact Assessment

Do the implications/subject of the report require an Equality Impact Assessment (EIA) to be carried out.	No
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Other Background Documents

Equality Impact Assessment and Other Background documents available for inspection at:

Title of Background Paper(s)

Relevant Paragraph of the Access to Information Procedure Rules / Schedule 12A allowing document to be Exempt/Confidential (if applicable)

1.	None	
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